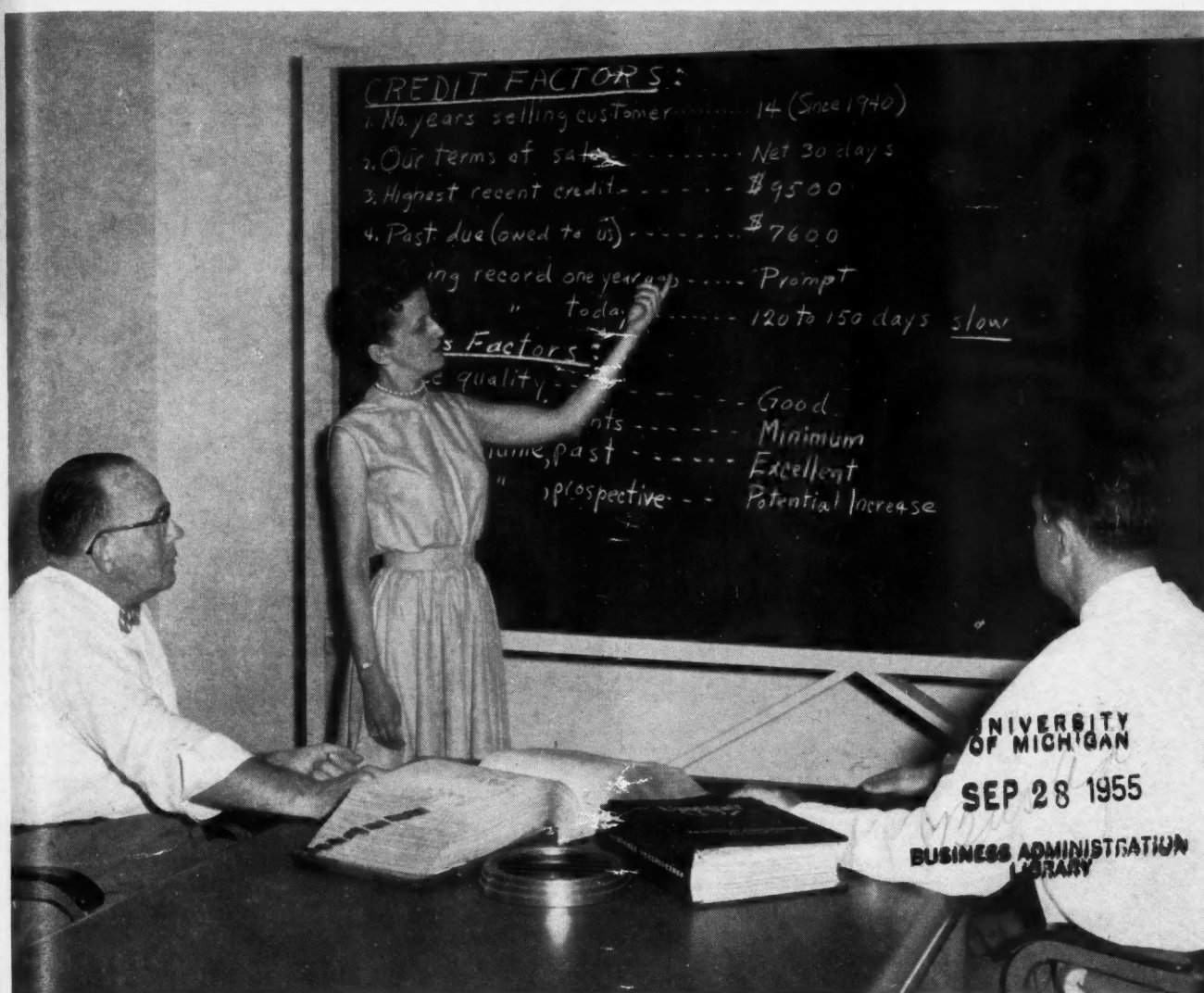


**CREDIT
and**

FINANCIAL MANAGEMENT

DEVOTED TO INDUSTRY * FINANCE * COMMERCE



WHEN A CUSTOMER NEEDS A FRIEND (See Pages 5 and 16)

PLAN Your Insurance; It's a Team Job
Of Specialists at the Corporation Level

Guide to a Company's Insurance Thinking
Sets Pattern for Program of Coverage

Advising Credit Applicant to Safeguard
Accounts Receivable Is Sound Practice

A Public Utility Finds Savings in Money
And Time by Modernizing Its Equipment

OCTOBER, 1955 — Insurance Number

VOLUME 57

NUMBER 10

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OFFICES IN PRINCIPAL CITIES

In the News

ALBERT POLLOCK, appointed to the new post of executive director of the Retail Floor Coverings Association of Greater Philadelphia, is a member of the Credit Men's Association of Eastern Pennsylvania.

MISS JEANNE ETIENNE, credit manager of Westerman Print Company, has been named first vice president of the Cincinnati Chapter of the American Society of Women Accountants.

PAUL R. GROSS, regional manager of United States Steel Corporation's treasury department, and vice president of the Chicago Association of Credit Men, has been honored with the general chairmanship of the 1956 finance campaign of the Girl Scouts of Chicago.

KENNETH M. HENDERSON, president of Ditto, Inc., Chicago, has been named chairman of the Board of Overseers of Dartmouth College's Amos Tuck School of Business Administration.

MERCER BRUGLER, president of Pfaudler Company, Rochester, N.Y., is chairman of the University of Rochester Fund, new administrative function to coordinate fund raising activities. He is a past president of the Rochester Association of Credit Men.

J. McCALL HUGHES, reelected president of Controllershship Foundation, Inc., research arm of the Controllersh Institute of America, is vice president and controller of Mutual of New York. Arthur L. Boschen, vice president and controller, Vick Chemical Company, and Harold A. Ketchum, vice president and controller, Fasco Industries, Inc., were made vice presidents, the last-named by reelection. Named treasurer was J. Howard White, financial vice president, Shell Oil Company. Continuing as secretary and administrative director of the Foundation is Paul Haase, also managing director of the Institute.


FRANCIS J. CONWAY, who heads the alumni association of the N.A.C.M. Research Foundation's Graduate School of Credit and Financial Management (Dartmouth College and Stanford University), has been elected president of the American Industrial Bankers Association. Mr. Conway is president of Thorp Finance Corporation, Thorp, Wis.

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Now, See Your HOMETOWN Agent

THE HOME
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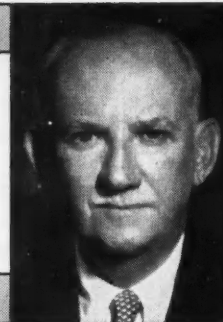
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Better Homes and Gardens—November
Nation's Business—October
Town Journal—October
Business Week—October 8
Newsweek—October 10
Time—October 10
U.S. News & World Report—October 21

Editorial



Comes the Dawning

BEGINNING to dawn on more people is the fact that there is really nothing free in this life. Everything worthwhile is earned. More of it the hard way and some through easier methods. You personally might not earn it, as in the case of an inheritance, but someone has earned it.

There is also the development of the realization that the Government, which produces nothing of tangible value but is highly essential to any modern civilization, has really nothing to give away. It may rob Peter and Paul to give to John, but that does not make what it gives away free.

In recent years the function of government has gone far beyond its original intent. Our forefathers provided a taxing power to our government so that it could give governmental service to its people. It did not intend that such taxing power should be used to redistribute wealth or to take from some citizens for the benefit of a few.

The conception of government by our forefathers has long been forgotten. Here and there, however, there are beginning to appear bits of evidence that our people are becoming more aware of the misuse by Government of its taxing power. In the recent Congress certain programs which would have benefited certain states were appraised by representatives of states not directly benefited in terms of cost to their own constituents. Why, they asked, should we pay in taxes for these benefits to others in which we never share?

The abuse of taxing power has followed a Socialistic road for a long period of time. With the staggering debt, the heavy tax load, it would not be surprising if a turn in the road were in sight. The sooner we reach it and demand a turn for self-reliance in our States and among our people the better for the Nation and every living soul within it.

A handwritten signature in dark ink, reading "Henry H. Heimann". The signature is fluid and cursive, with a long, sweeping underline.

HENRY H. HEIMANN,
Executive Vice President

THE OCTOBER COVER

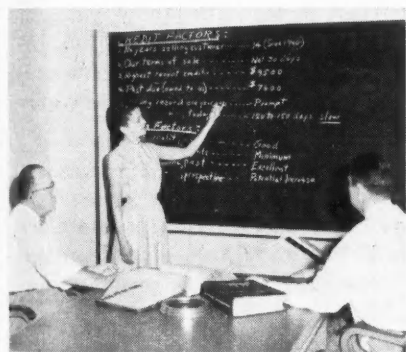
A WIDELY syndicated cartoon of many years' standing carries the caption "When a Feller Needs a Friend."

In the operation of a business, the occasion when a customer needs a friend may be of any of a wide number of origins.

And what friend? Certainly the credit executive, for when a flood undermines a store it also undermines the owner's capital and inventory. But not his credit character and credit capacity.

But there are many other sources of business misfortune. One of these is the fallacy of one-man management of all departments—failure to delegate authority. That was the cause of this issue's "Credit Problem," subject of the cover picture and the development of the solution described on page 16.

Miss June L. Crowell, vice president in charge of credit operations of R. E. Uptegraff Manufacturing Company at Scottdale, Pa., is point-



ing out salient facts of the debtor's dilemma to President R. E. Uptegraff, Jr., (right) and J. H. Steele, salesmanager. Miss Crowell's business career is outlined with the article.

Mr. Uptegraff is a graduate of Pennsylvania State University (1938). Until 1946 he was at the University of Washington, Seattle, in development and production of sub-surface ordnance for the U.S. Navy. Then he joined Uptegraff in an engineering and managerial capacity. On July 15th last year he became president of the transformer manufacturing company.

Salesmanager Steele entered business in 1936 with Kuhlman Electrical Company at Bay City, Mich. After five years in the engineering department he entered Sales, and was assistant salesmanager 10 years. In 1951-52 he was in Minneapolis as a partner in the Hugo Sales Company.

In February 1954 Mr. Steele became sales engineer of Uptegraff, advancing to salesmanager this March.

CREDIT and FINANCIAL MANAGEMENT

DEVOTED TO INDUSTRY * FINANCE * COMMERCE

General Manager, Edwin B. Moran
Official Publication of The National Association of Credit Men

VOLUME 57

NUMBER 10

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PROSPECTS of a balanced budget next year are held out as a possibility by George M. Humphrey, secretary of the treasury, provided that Government economies are hitched to the high-stepping business income to wipe out a prospective \$1.7 billions deficit. A 3 per cent reduction of outlays by Government departments and agencies would do it, he believes. A cut of 29 per cent from the January estimate of the deficit was announced by Mr. Humphrey and Rowland R. Hughes, director of the bureau of the budget, for fiscal year end next June 30th.

Furthermore, Mr. Humphrey sees possible reductions of taxes in the year following, "if prospects of additional revenue are good." As for any lowering of income and corporate taxes, while less inclined to predict them, the secretary did say that he would not wait for a surplus before recommending them.

He called attention to the record high employment, "the most jobs ever in the history of this country, the highest personal income, and records being set in profits, wages, earnings and production."

And 1956 is a Presidential year.

Fiscal year estimate of receipts was boosted \$2.1 billions (to \$62.1 billions) over the January forecast, but budget expenditures were figured \$1.4 billions higher, and \$1.1 billions for farm price supports, the highest item. However, some of the expenditure increases will be balanced by reductions in other directions of the estimates, for example: foreign military aid, \$1.075 billions less; atomic energy commission, \$100 millions; strategic material stockpiling, \$83 millions.

GRADUAL IMPOSITION of import duties on trade with each other by the United States and the Philippines was called for in a bill sent the White House. The Philippine duties would start higher but by 1974 both countries would have 100 per cent of present duties applicable to imports from other countries.

LET'S KEEP prosperity on the rails, says Sinclair Weeks. Noting that the forward movement of the last two years has been fueled largely by confidence, the secretary of commerce at the same time cautions business against the too-rich mixture of overconfidence. To avoid the latter he urges:

Watch inventories; hold down housing and

plant construction to legitimate demand; hard work brings success, exaggerated market speculation only headaches; keep credit on a high level of quality.

"Personal debt is proper," Mr. Weeks told the press, "but when I pass a second-hand auto dealer's lot and see good-looking cars for sale with a '\$5 down' tag on each, I wonder that businessmen can think that in this manner they are proceeding on the basis of sound practice."

PRICE-FIXING between any U. S. export trade association and foreign competitors would make such association liable to prosecution under the antitrust laws, the Federal Trade Commission warned. For the last 30 years the policy had been to permit an association to enter into "any co-operative relationship with a foreign corporation" under the antitrust exemptions of the Webb-Pomerene export trade law.

ESTABLISHMENT of a single government agency to consolidate and direct a program for increased federal aid to chronically depressed sections and their unemployed, is recommended by the CIO.

At the same time, the AFL, its bride-to-be and with its blessing, demanded that Congress act to "check plant piracy," meaning the migration of factories from one community to another.

INCREASED effective action against illegal monopolies and business deceptions in the year ended June 30th was claimed for the Federal Trade Commission by the director of its litigation bureau. He said 36 anti-monopoly complaints were issued, compared with 30 in the preceding fiscal year. Approximately 125 deceptive practices complaints contrasted with 93 the year earlier.

OFFICIAL TEXTS—of all mobilization agency regulations may be had, free of charge, by writing the Information Division of the agency involved, Washington 25, D.C.

THE FEDERAL REGISTER—a Government daily publication, which contains full texts of all regulations, is available from the Superintendent of Documents, also at Washington 25.

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Consultant, Doctor and Friend

By HENRY H. HEIMANN

Executive Vice President, National Association of Credit Men

PROTECTION against hazards of business and life through modern insurance is frequently evaluated solely in terms of monetary values. In years gone by, in the field of life insurance and business insurance as well, the aggressiveness and persistence of an insurance salesman was frequently resented. Some resentment may have been justified because of the method and manner of approach. In more modern times, however, an insurance salesman is a combination of consultant, doctor and adviser, and above all a friend insisting that you protect your assets and the welfare of your family.

On many occasions this so-called aggressive and persistent insurance salesman has been welcomed back with open arms. He has come to deliver a check to compensate for an insurable business loss or to provide financially for a family that has suffered an irreparable human loss.

We have all heard this statement frequently made: "We were annoyed at the constant pressure of the insurance salesman at the time he sold us these policies, but we are thankful today that he was so persistent. Had he not been, we would be facing a serious financial problem."

The modern insurance salesman in his training is constantly taught that he is in a business that is very definitely in the public interest. It is impressed upon him that, if he is not persistent, much

suffering and many unnecessary losses may occur. Awareness of the peace of mind that flows from the knowledge that your business or your loved ones will be taken care of, in case of any tragic happening, stimulates the modern insurance salesman to his very best effort.

There was a time when the door to an insurance salesman may have been closed or at best grudgingly opened. Today those in business or in private life who react with annoyance when a well informed insurance broker or salesman comes to call, probably are overlooking a very important protection that they can afford and should have.

Insurance coverage is more than mere dollars and cents to provide against a loss or to protect a family. It is a great contribution to peace of mind and a realization that one has discharged his business obligations towards his stockholders, his customers and his employees, or that he has provided for his loved ones should he be called to the Great Beyond.

Within reasonable limitations no one should ever be too busy to see a competent insurance salesman, even if confident you have adequate protection for your business and your family. Furthermore, the modern insurance business is constantly searching for new safety policies to cover risks heretofore thought uninsurable.

Keep an open door for a sound, well trained insurance salesman of character and integrity. It will pay you rich dividends.

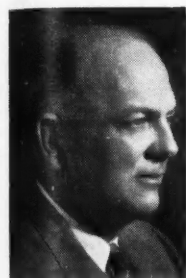
PLAN Your Insurance!

Sound Coverage Program Is a Team Job in This Age of Specializing

By WALLACE E. JEFFREY

Assistant Vice President
Marsh & McLennan, Inc.
New York, N. Y.

THE insurance business has become so complicated that few men today could justly claim



W. E. JEFFREY

to be expert in all fields of insurance. More than 500 forms are now available. The trend toward specialization in the major classes of coverage continues to increase, and at the corporation level a sound insurance program is a team job.

As an insurance broker, we deal with many contracts entered into by our customers and must use great care not to render a "legal opinion." We also must avoid acting directly or indirectly as claim adjusters, which under existing insurance regulations a broker is not permitted to do. We can, however, advise and guide customers, which is valuable because of our years of experience in the insurance business.

A corporation attorney or legal executive endeavoring to clearly understand an insurance problem should keep in mind four key points. He should have a visual knowledge of the physical property involved, and an understanding of operational procedures as they affect personnel and public relations. He should know the purpose and objective of the enterprise and be conversant with the plans for future development.

The major classes of coverage available can be summarized as follows:

- a. The various forms of direct damage to, or destruction of, real and personal property when caused by fire, windstorm, flood, explosion, transportation.
- b. The various forms of insurance to cover consequential and contingent damage or liability, which include business interruption insurance and products liability coverage.
- c. Legal liability for bodily injuries and damage to the property of others.
- d. Fidelity and surety bonding—the

Discussing "Insurance Planning" before the Practising Law Institute, Corporation Lawyers Division, New York, Mr. Jeffrey provided an advance outline of the topics, for better understanding of the text as quoted in the following article. The main sections of the outline were:

- (1) A Foundation for an Insurance Discussion (Four Parts);
- (2) Understanding the Variations in Meaning of the Phrase "A Sound Insurance Program" (Four Parts—Seven Sub-divisions);
- (3) Losses and Claims (Two Parts—Nine Sub-divisions);
- and (4) Revelations Seen in the Crystal Ball of Insurance in the Future (Seven Parts).

various types of crime insurance and credit insurance.

e. Ocean marine insurance, covering hulls and cargoes and providing insurance to cover the shipper for his maritime liability.

f. Life insurance with its associated lines such as annuities and pensions.

g. Modern types of welfare insurance, such as hospitalization and medical payments, accident and health, statutory disability insurance and workmen's compensation benefits.

The types of insurance companies can be described broadly as follows:
1. Capital Stock, 2. Mutual, 3. Reciprocal, 4. Lloyds.

Traditionally, the insurance companies in this country have been organized according to classes of insurance. These, briefly, are:

1. Physical damage to or destruction of property which includes various forms of marine insurance.
2. Life insurance in all its branches.
3. Casualty insurance, including all forms of indemnification and bonds.
4. All types of accident and health insurance.

These divisions are gradually being bridged as more and more insurance companies are being reorganized to handle multiple line underwriting.

The insurance business has a number of extra and supplementary services:

1. Physical inspection of property, including boilers and machinery.
2. Payroll auditing for those classes of coverage requiring premium adjustment at expiration date.
3. Safety and accident prevention.
4. Fire prevention and protection.
5. Loss adjusting—by salaried employees or by independent organizations and association bureaus.
6. Third party claim adjusters and legal staffs.
7. Actuarial services for pension programs.

Individual's Insurance Needs

Section II of the outline presents a series of imaginary circumstances calling for practical insurance programs which vary to suit the different situations.

It is an old adage that we creep before we learn to walk; in the insurance business the individual's problems give us the elementary approach to develop a sound insurance program. Assuming that "John Doe" has an apartment in New York City and a country house in Connecticut, is married, has two teenage children, employs several domestics and owns two cars, the following types of insurance represent minimum requirements:

- a. A personal property floater providing "All Risks" insurance at all locations for himself and his family.
- b. Workmen's compensation and employers liability coverage should be carried on the domestic servants, subject to the laws of New York and Connecticut.
- c. Comprehensive personal liability coverage should be carried covering premises liability and personal liability at all other locations for both him and his family.
- d. In connection with the automobiles, he should carry bodily injury, property damage, comprehensive fire and theft, deductible collision, and the bodily injury coverage extended to include medical payments on the broad form. If the children are of legal age to drive automobiles, consideration should be given to providing "Drive Other Car Coverage."
- e. In connection with the so called

(Continued on following page)

"The customs and ethics of the insurance business are so well established that there is an amazingly low percentage of denials of liability for violations of policy conditions when losses or claims arise."

—Wallace E. Jeffrey

welfare coverages, he should have life insurance, hospital and surgical coverage for himself and family, and consider the advisability of travel accident insurance.

Now let us compare the business requirements with the personal insurance program:

a. The all-risk form of coverage on property is not available; instead, fire and extended coverage would be needed on the building and contents. If the factory is protected by an automatic sprinkler system, sprinkler leakage insurance should be arranged in suitable form. Consideration should be given to business interruption insurance and the same would apply to water damage insurance.

b. Workmen's compensation and employers liability coverage would be needed to meet the statutory re-

records of the accounts receivable.

3. Bonds and crime insurance, which should consist of a blanket fidelity bond, depositors forgery bond, mercantile open stock burglary insurance, and holdup insurance on money and securities. It is quite possible to combine a major portion of these hazards under a single policy known as the comprehensive dishonesty, disappearance and destruction form.

4. Steamboiler and machinery insurance, which covers damage done by explosion or breakdown, and may be extended to include public liability. Careful consideration should be given to including business interruption protection to cover the loss of income and continuing expenses after an accident has occurred. A feature of this insurance is the great

b. Workmen's compensation coverage should include an "all states rider" in order to avoid any conflict with regulations in the 48 states and the District of Columbia.

c. Comprehensive general liability coverage is especially important, as it automatically covers new locations and operations.

d. There is a trend in large industry to avoid, as far as possible, the actual ownership of a fleet of automobiles in favor of rental of equipment under an annual contract. The terms and conditions of such contracts must be carefully analyzed. It will be necessary to determine whether insurance, if provided by the leasing corporations, is satisfactory from the standpoint of class of coverage, limits of liability and the qualifications of the insurance carrier.

Many large industries today own aircraft and boats. Adequate forms of insurance are available to provide full protection.

Note: Everything in this discussion regarding insurance programs treats the subject in the broadest manner and is subject to variations to meet the individual requirements of each type of industry and commerce.

Losses and Claims

Section III of the outline refers to the conditions in insurance policies regarding time elements for reporting losses or claims and similar conditions affecting the policyholder. The customs and ethics of the insurance business are so well established that there is an amazingly low percentage of denials of liability for violations of policy conditions when losses or claims arise. A death certificate is sufficient to collect the amount of a life insurance policy, but naturally there are many requirements which must be observed when handling other forms of insurance.

Without losses and claims there would be no insurance business. Our own claim department files supply a fascinating and continuous variety of cases which demonstrate the need of constant vigilance regarding amounts of insurance and indemnity as well as a clear understanding of the exact coverage provided by the policies. A few current claims illustrate the need of care in preparing a sound insurance program:

(1) CASUALTY

An ice manufacturer had an unused and unoccupied plant. An explosion wrecked adjoining residential property and resulted in law suits totaling more than \$1,000,000. The manufacturer carried liability insurance to the extent of \$300,000 for any one accident.

(2) BUSINESS INTERRUPTION

A. A fire in a generator caused a short circuit which in turn caused an

A symposium by selected insurance department managers of industrial organizations will appear in a later issue, in order that Credit and Financial Management may present a comprehensive picture from a number of businesses with diverse problems of coverage. The many special articles prepared for the current issue make unavailable the number of pages required for the roundup of insurance users' experience records.

In the symposium, the insurance departments' managers will appraise hazards anticipated in adoption of their programs for adequate coverage.

quirements. It is also necessary to meet the statutory requirements under the New York Disability Insurance Act.

c. Comprehensive general liability coverage is needed, and special consideration should be given to appropriate products liability coverage.

d. The automobile bodily injury and property damage coverage would be supplemented by non-ownership and hired car coverage. It would also be advisable to have direct damage insurance on the automobiles.

e. Because Mr. John Doe is of vital importance to the continuation of the business, some form of business life insurance on himself and one or two other key men would be advisable. Consideration should also be given to hospital and surgical insurance for the employees.

Up to this point the differences in coverage between the individual and a small corporation are nominal. However, the business would have to consider the following additional forms of insurance:

1. Transit insurance, preferably on an all-risk basis, to cover shipments of merchandise.

2. Insurance to cover drawings and other valuable papers, including

value of periodic inspection by the underwriters to determine that boilers and machinery are in good working order.

There is a very little difference in the insurance requirements for the small business enterprise and the large factory operation having only one location, beyond variations in amounts and limits of indemnity. The only exception is in the welfare forms of coverage where the large factory, having far greater total employment, is likely to need wider personnel programs and generally involves negotiations with trade unions. Therefore, the standard group insurance coverages—life, hospital and surgical and key man travel accident insurance—would probably be required. In addition, some type of pension retirement program would be advisable.

For a large industry, with a number of factory locations, insurance programs without exception are all "tailor made." The following items will give you some idea of the basic differences:

a. Fire and extended coverage varies only to the extent of the advisability of using a reporting form for merchandise rather than buying a fixed amount of insurance. A manufacturers output policy might be used to advantage.

explosion in an oil switch. In final settlement, the direct fire loss was under \$1,000, but the slowdown of production lines resulted in \$102,000 business interruption loss.

B. These losses are possible also in the boiler and machinery insurance field. At a large plant a machine broke down and could not be repaired. There was no replacement available anywhere and a new machine had to be built. A business interruption loss of more than \$1,000,000 occurred. It was fully insured subject to a \$50,000 deductible per accident.

(3) AUTOMOBILE

This involved a large gasoline and oil refinery. Independent contractors, used for bulk transfer, supplied a truck chassis and the refinery installed a tank bearing their trade name. One of these trucks, fully loaded, went out of control and wrecked a passenger train, killing three and injuring fifteen. Property damage amounted to \$75,000 and personal injury suits were filed in excess of \$600,000. Insurance carried by the refinery provided bodily injury limits of \$100/300,000 and a property damage limit of \$25,000.

(4) BOND

At an electronics manufacturing plant employees of the purchasing department, through falsification and manipulation, in the name of supply subcontractors, succeeded in getting away with \$1,200,000. Maximum coverage under the bond was \$250,000.

Multiple Line Underwriting

Multiple line underwriting, as we know it now, means that insurance companies have broadened their charters so as to be able to write in one policy, or at least a limited number of policies, a wide variety of insurance coverages to take care of modern business requirements. Companies like the Travelers Insurance Company and the Aetna Life Insurance Company for many years have written most every form of insurance, but to accomplish it they had to use a variety of subsidiary insurance companies. Today, qualified multiple line companies write the greater part of the total premium volume, and the trend is bound to grow. Problems of qualification of multiple line underwriting in a number of states have been overcome one by one, a healthful development from the standpoint of the insurance buyer.

Foreign Insurance

A spectacular growth of foreign insurance has been caused to a great extent by construction work undertaken by American corporations under the original lend-lease program and subsequently under war and defense contracts. In many instances, American corporations con-

tinued as operators of the projects and desired the same type of insurance protection which had proven satisfactory for their ventures in the United States.

There has been a growing tendency, especially in Central and South America, to have these projects insured through carriers domestic to the country where the project is located. In some instances, maintenance of the U. S. standards of coverage and service has been achieved through stock ownership of local carrier or by way of reciprocal reinsurance. There seems no doubt, however, that this nationalistic trend will cause the U. S. insurance companies to make some changes, though the capacity of foreign insurance companies is relatively limited and in many respects rather primitive in methods.

Self-Insurance

Inquiries have indicated a considerable amount of interest in the corporate attorney's advisory position with a large organization which self-insures in whole or in part. For very large industrial companies there is no such thing as a standard insurance program. In the rare situations which justify self-insurance, it

(Continued on page 41)

insurance
Honesty is the Best Policy

INVISIBLE ARMOR

More than half a billion dollars . . .

in cash and merchandise will be lost this year by employers through embezzlement by persons in their employ.

Despite all the precautions you may take against employee dishonesty, statistics are against you. But you can protect your firm against financial loss through "honesty insurance," that is, through a National Surety

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NATIONAL SURETY CORPORATION

4 ALBANY ST., NEW YORK

A MEMBER OF THE FIREMAN'S FUND INSURANCE GROUP

INSURANCE FOR FIXED ASSETS

Minimum Requirements of Property Records for Insurance

By BAYLOR LANDRUM,
C.P.A., C.P.U.C.

Associate, Vaughan Insurance Agency
Louisville, Kentucky

THE basic foundation of all insurance is value. That must always be the starting point. And that value, in order to be insurable, can be expressed only in monetary terms. For example, you cannot insure a feeling of sentiment for the oil painting of Aunt Hattie, or the baby buggy of your firstborn. The usual limit of recovery under most contracts of insurance is "actual cash value." You are the people who can be helpful in solving the problems of insurable values.

Three important statements in the usual property insurance policies should be restated and understood:

1.—". . . this company does insure . . . to the extent of actual cash value of the property at the time of loss but not exceeding the amount which it would cost to repair or replace the property with material of like kind and quality . . ."

2.—"The insured shall . . . furnish a complete inventory of the destroyed, damaged and undamaged property, showing in detail quantities, costs, actual cash value and amount of loss claimed, and . . . if required, verified plans and specifications of any buildings, fixtures, or machinery destroyed or damaged."

3.—"The insurance company shall be held liable for no greater proportion of any loss than the amount hereby insured bears to 80 per cent (or 90 per cent) of the actual cash value of the property described herein . . ." That statement is known as a "co-insurance clause" or "average clause."

You can see that the words "actual cash value" are the key to each of these clauses. And it is the definite responsibility of the owner of the property to determine the "actual cash value."

Definitions and legal decisions abound. However, the one salient feature is that value is necessarily and by definition established by the conduct of buyers and sellers.

In connection with insurance valuations, you normally can start with new construction costs and de-

Because credit executives determine, or have a voice in, the insurance policies of the vast majority of industrial and mercantile companies, and have an increasingly important role of counseling accounts to protect their business with coverage, Mr. Landrum's discussion of insurance for fixed assets is as important to credit management as it was to cost accountants when he presented it before the annual forum of the Louisville Chapter of the National Association of Cost Accountants.—Ed.

duct depreciation to arrive at the value for insurance purposes. Depreciation, in this case, means physical deterioration and not the accounting charge-off on the general books of your company. The meaning of depreciation also would include obsolescence, deterioration of the neighborhood, change in zoning laws, etc. Thus value is a matter of opinion, with a great many complex considerations.

Bear in mind that market value is not the sole yardstick in determining insurable value of real property. Such a sale or market value takes into consideration land value, which is excluded in an insurance contract because it is not destroyed with the buildings on it. Obviously, the destruction of the building or structures is the only value which is indemnifiable by the insurance contract.

Two Approaches Described

One of two approaches to this problem of value will be taken by your company:

In an independent appraisal company may prepare an appraisal of your property. This may include a detailed description of all properties, itemized in large books; or it may be simply a sheet of paper certifying as to the appraised value. The appraisal may be a single presentation, or may include an annual revision service in which acquisitions and deductions are reported to the appraisal company and taken into consideration at the time of the

yearly revision. Where there is no revision contract the appraisal company usually agrees to prepare an up-to-date statement at the time of a loss and within a five-year period following the appraisal.

2 The cost accounting department, with the help of plant engineers, may maintain a set of property records from which the owner can obtain at any time the location, quantity, identification and value of each unit of property. Such property records are entirely different from the property records for tax or cost accounting purposes, but they pertain to the same property and are usually incorporated with them.

Requirements of Property Records

What are the minimum requirements of property records for insurance purposes?

- A. What is insurable property?
- B. What is its insurable value?
- C. How should it be segregated?

A. *Insurable property* may be different from the book asset figures for two apparent reasons:

a. Asset figures may include too much. Some examples are land values, grading, excavation costs, underground piping, concrete footings, or supports for machinery below the ground.

b. Asset figures may not include enough. Examples: tools, wiring, machinery installation costs, and other assets of actual value never capitalized on the books. Or there may be assets of usefulness and value that have been written off the books entirely by depreciation charges.

B. *Insurable value* has already been considered. Property records convertible to an inventory to support a loss claim must show the proper value. In almost all instances this will involve a knowledge of present cost of reproduction new. How will that be obtained? There are various methods: (1) Figures may be obtained from appraisal companies on certain items, or (2) specific items such as machinery can be priced by a dealer or manufacturer, or (3) price trend statistics can be applied to the original cost figures, either on a specific or broad basis.

The last-named method of arriving at current reproduction costs requires cost-

(Continued on page 14)

46 State Legislatures Met This Year

Certain to affect your everyday business operations are the many new laws and amendments enacted at the latest sessions.

November brings the 1956 Edition of the

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Here you will have for immediate reference a factual, simplified analysis of each statute change that applies to credit direction. NOTE: So widespread are these revisions of credit law that previous editions are outdated and using them could cause expensive mistakes.

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PLUS THIS BONUS. If you send your check with your order, you will receive, at no extra cost to you, a brand-new booklet, "Triple Function of TODAY'S Credit Management," in which financial and credit managers present experience-reports of how Credit today bridges sales and treasury functions to increase profitable volume and build prestige.

Send your check today and get the benefit of this double offer of savings and bonus values with your copy of the 1956 CREDIT MANUAL OF COMMERCIAL LAWS.

Publications Department

NATIONAL ASSOCIATION OF CREDIT MEN

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New York 3, N.Y.

tion. Bear in mind that various component elements of an asset may have felt widely different price trends, so the component parts must be analyzed individually to be sure of reasonable accuracy.

Then the factor of depreciation, as mentioned, must be considered. The actual physical condition of the property, its remaining usefulness, repairs and maintenance expended on the property—these are items to be considered. For insurance valuations the element of depreciation very rarely exceeds 50 per cent of the new reproduction cost as long as the asset is being used.

What Segregation Involves

C. *Segregation of insurable property* will be required in case of a loss; it will also be required at least once a year during a "check-up" or when a "statement of values" is filed with the rating authorities to enable the latter to promulgate an average, blanket rate.

This segregation will involve (1) the breaking down of values as between fire divisions, and (2) the segregation between buildings and their contents. There may be several fire divisions in a single building due to the "cutting off" of certain sections by brick firewalls or the installation of approved fire doors. The classifying of what is building and what is contents, so far as insurance is concerned, usually revolves around the answer to the question, "What property would you take from this building if you sold the building and moved away?" The property that would remain is usually labeled "building," even though such items as venetian blinds or space heaters may not be charged on the general books to a building account.

Bear in mind that all the aforementioned requirements must be kept up to date and the records for insurance purposes checked regularly by experts or by an engineer familiar with the actual property.

Problem for Average Business

It becomes apparent from these requirements that the average or small business does not usually have the necessary staff for maintaining records to substantiate insurable values. Without the staff and the efficient system, the average to small business should turn to a recognized appraisal company for assistance. For the last 10 years the insurance industry has been occasionally criticized for parading the attributes of appraisal companies before the crowds of business men, for the appraisals usually resulted in the establishment of higher values. How-

ever, the reputable insurance agent will be just as sincere in recommending reduced values when the appraisal indicates a decline in values. The point is: We must know what those values are as of today—not last year, or ten years ago!

Once having established those current values, let us turn now to the types of insurance protection available for fixed assets. That is to say, to what hazards are those assets exposed, and which risks should be transferred to reputable insurance companies?

First, consider this aspect: The need for insurance varies as the financial seriousness of the possible loss compares with the capital structure of the insured.

A loss of \$5,000 to a corner grocery store might be ruinous, while a large corporation could afford to be a self-insurer for that amount. The glass

GRADUATED from the Wharton School of Finance of the University of Pennsylvania in 1940 with a degree in economics, Baylor Landrum served as a special agent in the F.B.I. and as an Air Force pilot in World War II. There followed several years in public accounting and a license as certified public accountant.

Since 1947 Mr. Landrum has been in the general insurance business with the Vaughn Insurance Agency, Louisville, Ky. He passed the C.P.C.U. examinations in 1949 and is president of the Kentucky chapter of the society.

windows of a building could be completely insured against loss through breakage, but the same premium spent for business interruption insurance to protect future earnings has much greater importance, for a serious uninsured loss of the latter kind might mean the death of the business.

Types of Fixed Assets Coverage

For all fixed assets the usual fire, extended coverage and vandalism insurance offers protection against loss resulting from the specified perils of fire, lightning, windstorm, explosion (excluding explosion of steam boilers on the premises), hail, riot, civil commotion, aircraft and motor vehicle damage, vandalism and malicious damage. Note that if you have steam under pressure on your premises you must have separate steam boiler insurance to insure against loss from such explosions.

If the premises are equipped with a sprinkler system, sprinkler leakage insurance will cover damage due to

the accidental discharge of water from any part of the system. There is also available water damage insurance, which offers limited coverage in case of discharge of water from the plumbing or heating system, or in case of rain damage; it does not cover flood or backing up of sewers. Earthquake insurance may be arranged.

Replacement Cost Insurance

As for insurance on your buildings, there is a possibility to alter the usual coverage. Replacement cost insurance may be available to insure certain buildings for their full replacement value new without any deduction for depreciation. Such a form is available only for larger risks on buildings that are relatively new and usually of multi-purpose, non-specialized design and construction. Through replacement cost insurance a damaged building is restored without any deduction for depreciation. However, the payment of a loss will be made only after repair or rebuilding is completed, and a 100 per cent coinsurance clause is mandatory.

If your firm rents premises you should watch two particular problems: (1) See to it that your company is relieved from all liability in the event that fire damages the building; there are various ways of accomplishing that purpose but probably the simplest method is to have a clause inserted in the lease which relieves the tenant from such liability; (2) Insurance on the improvements and betterments you have installed should be arranged; normally, if the improvements were installed in the current lease they can be insured by the tenant at full replacement cost; if insured under a prior lease, the title has passed to the landlord and should be insured by him; here the provisions of each lease must be carefully studied.

Machinery and Equipment

For coverage of your machinery and equipment, you might want separate machinery insurance on expensive compressors or motors or refrigerating systems. That coverage will not only pay for any explosions but will take care of the expenses of an accidental break-down. Here the valuable services of trained inspection engineers may prevent a loss.

Insurance on machinery, equipment and all other personal property (whether labeled fixed assets or not) must be arranged to take care of property not owned by the insured. Leased equipment, for in-

stance, offers problems that can be met only by carefully studying the lease agreement and the legal implications of the bailor-bailee relationship.

You can profitably set aside a certain time, once or twice a year, to go over your coverages and values. It has been said that "an insurance policy is pretty dull reading before a fire—but afterwards it is a thriller!"

In most instances it will not be economically feasible to have an insurance expert in your own company. You will rely on professional outside advice.

Alfred P. Sloan, while president of General Motors, made the statement that he found the uninsurable hazards of "management, production, and sales" quite sufficient to occupy the full time of executives and that he definitely believed in purchasing insurance against all other hazards of possible large loss.

C. R. Israel New President of Cost Accountants Association

Charles R. Israel, treasurer of Aero Mayflower Company, Indianapolis, has been elected president of the National Association of Cost Accountants. Eight vice presidents elected are: S. K. Atkinson, Temple University, Philadelphia; T. P. Fleming, Richards-Wilcox Mfg. Co., Aurora, Ill.; Milton Hudders, Recording & Statistical Corp., New York; M. E. Pape, Consolidated Chemical Industries, San Francisco; R. C. Perry, Corning Glass Works, Corning, N.Y.; Nicholas St. Peter, Hyatt Bearings Div., General Motors Corp., Harrison, N.J.; J. K. White, The Murray Co. of Texas, Dallas, and L. O. Zick, Allen Electric & Equipment Co., Kalamazoo. P. J. Warner, Ronald Press Co., New York, was reelected treasurer.

Fire Losses

Estimated fire losses in this country in the first quarter of 1955 dropped slightly, according to the National Board of Fire Underwriters. A decrease of .07 per cent was represented with 1955 first quarter loss \$248,508,000 as compared with \$250,242,000 for 1954. In March fire losses were estimated \$88,197,000. This was an increase of 4 per cent over March 1954 losses. A total of 378 fires with damages of \$10,000 or more each occurred in March.



We never found our stolen records

... but we were paid \$11,320 for our
Accounts Receivable just the same

(Based on Company File #140B9346)

Burglars broke into our office. From the cigarette stubs left behind, they must have spent hours trying to open the safe. And when they couldn't, they carted it away.

We didn't lose much money—just our petty cash. What worried us was the loss of our Accounts Receivable records. They weren't worth a cent to the burglars. But they meant thousands of dollars to us.

We never saw those records again. But our Hartford Agent had done a good job. He had seen to it that we had Hartford Accounts Receivable insurance . . . which paid us \$11,320.95. And that wasn't all. Our Hartford Accident and Indemnity Company Money and Securities Policy paid us for the damage the burglars had done and for the safe and petty cash they'd stolen.

Accounts Receivable Insurance has two appeals for you as a credit officer. It makes good for the accounts you can't collect if your own records are destroyed or lost. And . . . when your credit customers also carry this insurance, it protects their ability to meet payments to you.

Accounts Receivable Insurance shields you and your customers against financial loss because of the destruction or disappearance of account records due to virtually any cause but war.

So think seriously about Accounts Receivable Insurance. It's an important part of every sound business insurance program . . . and moderately priced. Have your local Hartford Agent or your insurance broker give you the full story—now.

Year in and year out you'll do well with the

Hartford

Hartford Fire Insurance Company
Hartford Accident and Indemnity Company
Hartford Live Stock Insurance Company
Citizens Insurance Company of New Jersey . . . Hartford 15, Connecticut
Northwestern Fire & Marine Insurance Company
Twin City Fire Insurance Company . . . Minneapolis 2, Minnesota



A Problem ~ ~ ~ and How It Was Solved

A Feature Series on MANAGEMENT AT WORK

WOULD you be honest enough to admit it if you needed to be healed before you might be well-heeled?

Well, we had a customer who did and was!

An account which had been on our books for many years with a record of consistently prompt payment began to show a trend toward slower checks, and gradually drifted into a condition of 120 to 150 days slow. We had seen the signs of approaching trouble, of course, but, with the account showing a past due balance of \$7600.00 and a new order for \$11,800.00 on the desk for credit approval, the day of reckoning was upon us.

Armed with the credit facts, we first discussed the problem with our sales manager, so that we might obtain other pertinent information which was necessary for an honest appraisal of the case. We soon found out what his sales ledger showed in regard to the account:

(1) Price quality—good; (2) Service requirements—minimum; (3) Past order volume—excellent; (4) Prospective order volume—potential increase.

It was clearly evident that these were all assets and it was just as evident from the payment record that all the symptoms of a disease were present. But how could we prescribe a cure without a more detailed history of the case? One point was uppermost in our minds—we wanted to keep his business, but agreed that we had better find out what the trouble was before it went any deeper.

The logical answer appeared to be a visit to the customer's office with our sales agent in that territory. An appointment was quickly and easily arranged.

We found the customer fully co-

By **JUNE L. CROWELL**
Vice President

R. E. Uptegraff Manufacturing Company
Scottsdale, Pennsylvania



operative. A complete tour of the plant and office was interesting and enlightening—enlightening particularly in the revelation that, although the business had had a significant growth in the last ten years, it was still being managed by one man only. The president was judge, jury and executioner!

A survey of the most recent balance sheet and profit and loss statement revealed a good profit picture but an unbalanced condition in regard to inventory control and collection of accounts receivable. Further checking into the inventory phase brought out these facts: the purchasing department did not have adequate records on requirements and usage of at least major inventory items; no minimum limits had been set up for the material used less frequently; and there was delay in the posting of purchase orders placed and material received.

The treasury department was in an even more unbalanced condition. Extension of credit and collection of accounts receivable were being handled by the president of the company (a throw-back to the days when one-man operation was general); improper extension of credit existed and, again, no adequate records were being maintained for a follow-up of collections at the proper time.

Treasurer in the Middle

The treasurer was really disgruntled as he was being attacked from both sides with no opportunity to exercise control in either direction. He was being called upon to meet the demands for cash to support an inventory which was already out of hand, yet he was unable to control extension of credit or collection of accounts to guarantee a steady amount of working capital. This was an even more dangerous situation than that of responsibility without authority.

It took two days of discussion and study with the purchasing department and treasury department, and a final roundtable conference with the president and representatives from both departments concerned, before we could agree upon a plan of action.

Finally we were a team united with a common purpose—placement of records in the purchasing department to control inventory, and establishment of a credit department, responsible to the treasurer, with authority and responsibility clearly outlined and defined. The president was not entirely convinced, but he was willing to give us the opportunity to prove our point.

With such definite steps planned, we agreed to cooperate by having the

IT was as a bookkeeper that Miss June L. Crowell began her business career 15 years ago. Today she is vice president of R. E. Uptegraft Manufacturing Company, Scottsdale, Pa., but that is not all. She is also treasurer, and is responsible for financial operations and credit decisions of the electrical transformer maker.

Holder of the executive award of the Graduate School of Credit and Financial Management at Dartmouth, N.A.C.M.'s Credit Research Foundation, Miss Crowell is a past president of the Pittsburgh Credit Women's Club.



CARRYING ON as officers of the Boston Chapter, National Institute of Credit, as the organization launches its fall activities, are: Front row (l to r) Edna L. Tanguay, A & P Corrugated Box Corp., secretary; Jessie L. Mechling, The Christian Science Publishing Society, president; James G. Gibbs, Masury-Young Co., first vice president; (second row) Audrey T. Richardson, The Christian Science Publishing Society, assistant secretary; Robert W. Capstick, S. S. Pierce Co., treasurer; Marion L. Sullivan, Admiral Distributors, Inc., librarian; Nicholas Arthur, Wilbur & Williams, assistant treasurer; and Marjorie E. Baker, Evans Case Co., second vice president.

past due account taken care of by four monthly payments—30 days from present date to be due date for first payment—and to extend open account terms of 60 days for the new order of \$11,800.00 which would be completed and ready for shipment within 90 days. The only stipulation was that we would receive complete financial information quarterly so that we could see what progress was being made.

Let's not pretend that the way back was painless. One month the customer could not meet his monthly payment and I was reminded by our president that it was all right for me to guess so long as my guess was right! A guess? No, I wouldn't say so—simply a problem with a solution, and a common understanding which led the way.

Case ended? No. Healing accomplished and financial benefits realized by both customer and supplier but, as with the majority of medical cases, frequent checkups are necessary for continuance of the healthy condition.

Many Signs of Better World Trade and Production Cited

Operations of the International Bank for Reconstruction and Development reflect a number of signs of improvement in world trade and production, Eugene R. Black, president of the Bank, told those attending the ninth annual meeting of the Board of Governors of the Bank and the International Monetary Fund, in Washington. He pointed to these developments: Increased interna-

tionalization of the Bank's financial resources; European members have more and more resumed their role of exporters of capital to the world; financial stability, "with some regrettable exceptions," has largely been achieved; the complex and uneconomic system of bilateral payments agreements and of barter arrangements is being dismembered, and the dollar problem, if not finally solved, seems to be coming under control.

"Of all Bank bonds sold in the last 12 months," Mr. Black said, "investors outside the United States have bought three-fifths. And of every \$1 million which the Bank has had available for lending since the beginning of its operations, \$400,000 has now originated outside the United States."

Dangers of misuse of international credit in a buyers' market were pointed out. "As the availability of capital and capital equipment has risen," he said, "we have passed to a buyer's market and a competitive race is developing among suppliers. Suppliers' credits can serve a useful purpose but their misuse and overuse can bring on the danger that bad credit will drive out good." He saw some disturbing evidence that "too much credit is being given, under the pressure of competition, sometimes on inappropriate terms and for the wrong purposes." He urged liberalization of world trade policies for a healthy economy and cited the need for further reduction in the obstacles to imports.

"Without convertibility in all the great trading countries, a strong world economy cannot be assured," Ivar Rooth, chairman and managing director, International Monetary Fund declared in presenting the annual report of the executive directors. "A country that wants convertibility must also eventually abandon the discriminations it has imposed on imports from convertible currency countries."

Fair Tax Rate for Industry Helps All, Says Industrialist

A fairer tax break for local industry as a means toward meeting increased civic costs and preventing the flight of industry is urged by P. J. Wood, president of Warner Electric Brake & Clutch Company, Beloit, Wis., who calls on local governments to realign their tax-thinking.

"When city, county or state government can predicate its tax base to attract industry," said the Warner president, "employment is increased, more money is put in circulation and additional tax dollars are gained, both from the individual taxpayer and the industrial firm, all at no increase in the tax rate."

If you fish, you may not catch fish. If you don't fish, you won't catch anything.

—Sir Edward Appleton

A proverb is a short sentence based on long experience.

—Cervantes

Some Q's and A's for Minding P's and Q's in Records Insurance

SAFEGUARDING ACCOUNTS RECEIVABLE

by FRANCES DUNNE

Agents' Service Department
Hartford Accident and Indemnity
Company

Hartford, Connecticut

WHERE will you find a businessman who does not carry insurance against hazards that may damage or destroy his building, merchandise and operating equipment? You probably won't find one. But what about his accounts receivable records?



MISS DUNNE

Certainly, protection should be provided against the loss that could be incurred through damage to these records—which often represent value in excess of the amount of cash, equipment and merchandise on the premises. There are sound reasons for managers to take the same interest in a credit applicant's security against loss of accounts receivable records as in the more usual phases of his insurance program.

Fireproof safes, vaults and cabinets are good but not certain protection against the diverse hazards covered under accounts receivable insurance. There are many possible risks or catastrophes that could destroy, damage or otherwise cause loss of vital records while in a safe or outside the safe.

Accounts receivable insurance should not be confused with credit insurance—protection against the non-payment of accounts—which only reimburses for collections impossible to make when complete records exist as proof of liability. Credit insurance does not protect as accounts receivable insurance does, against loss through inability to collect accounts because of damage to the debtor's records.

The answers to the following most common questions will give better understanding of accounts receivable insurance and the coverage provided by such policy.

(1) What coverage does the policy provide at the premises?

a. It will pay all sums due the insured from customers, provided the

insured is unable to collect the money due him as the direct result of loss of or damage to records of accounts receivable.

b. It will pay all interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectible by such loss or damage.

c. It will pay any collection expense in excess of normal collection cost and made necessary because of such loss or damage.

d. It will pay the amount of expense which is reasonably incurred by the insured in re-establishing records of accounts receivable following such loss or damage.

(2) What coverage does the policy provide outside the premises?

Such insurance as is afforded by this policy applies to the records of accounts receivable while being removed to and while at a place of safety because of

NATIVE of Hartford, Conn., where she attended public schools, Miss Frances Dunne studied at the Norwich (Connecticut) Art School and attended the Hartford Accident and Indemnity Company's Training Center. She joined the company in 1947 in the burglary department and since 1949 has been associated with the burglary-plate glass underwriting section of the agents' service department.

imminent danger of loss or damage and while being returned from such a place, provided the insured gives written notice to the company of such removal within ten days thereafter.

(3) Does the policy have any exclusions?

This policy has only two exclusions, which are:

a. Loss due to any dishonest, fraudulent or criminal act by any insured, a partner therein or an officer, director or trustee thereof, whether acting alone or in collusion with others.

b. Loss due to war whether or not declared, civil war, insurrection, rebellion or revolution, or any act or condition incident to any of the foregoing.

(4) When a loss occurs and as the settlement proceeds, will the insurance company make partial loss payments if the insured needs cash to re-establish his business and pay his accounts?

To do so would not be practicable. However, under such circumstances the

insurance company will pay all interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectible by loss or damage.

(5) The policy requires that when a loss occurs the insured shall render all possible assistance to effect collection of outstanding accounts receivable, thereby hastening loss settlement. Does the insured have to bear the entire expense for this work?

No. The insurance company will pay any collection expense in excess of normal collection cost and made necessary because of loss or damage.

(6) Does the policy cover the restoration of the insured's records of accounts receivable?

Yes. The insurance company will pay the amount of expense which is reasonably incurred by the insured in re-establishing records of accounts receivable following loss or damage. It should be remembered, however, that in most cases only a small portion of such records can be re-established, and there is no coverage on other records and valuable papers. Valuable papers insurance is recommended for complete records coverage.

(7) Since coverage away from the premises is limited, is it possible to purchase full coverage outside the premises—such as a bookkeeper who might take the insured's records home with him or a firm that sends its records by mail to another location to be microfilmed?

Yes. All or a part of the insurance may be extended for small additional premium cost to cover while the records of accounts receivable are being conveyed outside the premises and while temporarily within other premises except for storage.

(8) What information does the insurance company need before a policy can be issued, other than that requested in the Declaration of the policy?

The insured must furnish the insurance company with a statement of the total amount of accounts receivable for the past 24 months, listing each month with deferred payments and charge accounts segregated as of the last day of each month.

(9) Is the insured required to file a monthly report of his outstanding accounts with the insurance company?

Yes. Insurance companies have monthly reporting forms, a supply of which is given to the insured when the policy is issued. These forms usually

are turned over to a bookkeeper with instructions to automatically mail one monthly to the insurance company. In most cases a loss cannot be settled satisfactorily without these monthly reports.

(10) Why is a monthly reporting form used?

a. Nearly every business is seasonal and monthly accounts receivable fluctuate. Therefore, it would not be fair to charge an insured a yearly premium based on his largest month, as this large exposure might occur only once a year. By using this form the insured pays a premium based on his monthly average.

b. Because the information in these reports is used in the settlement of a loss. It is imperative that any increase or decrease in business should be recorded with the insurance company as this may well be the only record available if the insured's records are completely destroyed or missing.

c. Because the policy premium is provisional only, it is subject to adjustment upon each annual renewal date and upon the termination of the policy. This may result in either an additional or return premium.

(11) Why does the monthly reporting form ask for the charge accounts and the deferred payments separately?

Because in determining the amount of the company's liability for any loss there is deducted from the total amount of accounts receivable, unearned interest and service charges. Such interest or charges usually apply to deferred payments and not charge accounts.

(12) How is it possible to adjust a loss if the insured's records are destroyed or missing?

Information that the insurance company received when the policy was issued, plus that contained in subsequent monthly reports, gives the company a quite accurate picture of the amount of outstanding accounts receivable the month a loss occurs. This shows how necessary it is that the insured mail to the company the monthly reports.

(13) It would appear that the insured must be in business at least two years before he can purchase this coverage. Are there any exceptions?

The policy states that in the event that the insured cannot accurately establish the total amount of accounts receivable outstanding, as of the date loss occurs, such amount shall be based on the insured's monthly statements. If it is possible to establish the amount of loss in a manner where a record of at least two years' outstanding accounts are not available, it would then be possible to waive the two-year requirement. The insurance company's only concern is fair settlement of a loss and avoidance of a situation where it

(Continued on page 20)

American Credit Insurance

AND

The Case of the Concentrated Risk

THIS is an example of the ability of American Credit Insurance to handle even the isolated instance of exceptional risk. It illustrates a principle which applies whether your own business is large or small.

The policyholder, a manufacturer of small electrical appliances and components already insured under a general coverage policy, was asked by another manufacturer to furnish the chief component of a well-known brand name appliance. The opportunity was unusually tempting, since demand would be continuous, the profit offered was good, and sales expense was negligible.

Nevertheless, the policyholder hesitated. Could he risk so many of his eggs in the one basket? Could he afford to tie up so much of his working capital as would be involved if the account receivable became an item past due? Previous relations between the two concerns had always been of the best. And yet . . .

The policyholder's Credit Manager recommended consultation with American Credit. After study and discussion, it was decided that increased coverage or extraordinary coverage, as riders to the existing policy, would not meet the situation. What then? A separate single risk policy was issued, granting coverage on this one account up to a total of 150 thousand dollars, with a deductible of only fifteen thousand.

Within the year, the Credit Executive's worst fears were realized. The buyer of the components was unable to move a sufficient quantity of his finished product, through being caught in production difficulties at a seasonal peak. The account was filed as a past-due item, aggregating more than 120 thousand dollars. The policyholder received a loss payment of somewhat more than 105 thousand dollars. Thus, most of the eggs in the basket that proved unsound were not even cracked, and the policyholder continued business without even temporary loss of working capital.

Whether your business is faced with many risks or only one concentrated risk, you will find new assurance in knowing that your accounts receivable have the same degree of insurance protection as your machinery, your buildings, and your product. For your copy of a new booklet: "*Credit Insurance, Its History and Functions*," write Department 47, First National Bank Building, Baltimore 2, Md.

American Credit Indemnity Company of New York

is impossible to establish the amount outstanding and what percentage ordinarily would be uncollectible.

(14) How long will it take to settle a loss?

There is no definite answer to this question. The policy states that when a loss occurs the insured must file a detailed proof of loss duly sworn to with the insurance company on expiration of 90 days from the date the records were lost or damaged. The absolute minimum of time is therefore in excess of 90 days. This, however, does not impose a hardship on the insured because of the loan feature mentioned in question 4.

(15) After settlement of a loss, if payments are made on outstanding accounts does the money belong to the insurance company or the insured?

The policy provides for reimbursement to the insurance company for amounts collected for which the insured has been indemnified, up to the total amount of loss paid by the company, but all recoveries in excess of this amount belong to the insured.

(16) How is a loss settled if the insured and the insurance company fail to agree as to the amount of the loss?

If the insured and the insurance company fail to agree on the settlement of a loss, each shall, on the written demand of either made within 60 days after receipt of proof of loss by the insurance company, select a competent and disinterested arbitrator, and the arbitration shall be made at a reasonable time and place.

The arbitrators shall then arbitrate the loss, and failing to agree shall submit their differences to an umpire. An award in writing of any two shall determine the amount of loss.

(17) When the insurance company pays a loss, does the payment include the actual selling price of merchandise that the insured has sold to customers or is the payment limited to the cost of the merchandise to the insured?

All payments are made on the basis of what customers owe the insured which guarantees the insured his profit on all outstanding accounts, less any interest or service charges on deferred accounts—also the amount that can be charged to bad debts which normally have been uncollectible by the insured.

(18) Will insurance companies permit the exclusion of accounts from the insured's total of all outstanding accounts receivable? For instance, in the case of an insured having several large accounts on which he feels a definite check could be made even if his records were destroyed and on which he might never suffer a loss.

Yes, the policy provision that the earned premium shall be computed on the sum of the monthly amount of accounts receivable may be amended to

exclude certain designated accounts, if each such account to be excluded represents 20% or more of the average monthly amount of the accounts receivable for the latest available 12 months. The insurance company must have the following information:

a. The average monthly amount of the designated accounts receivable for the last 12 months.

b. The average monthly amount of the total accounts receivable for the insured for the latest available 12 months.

c. The name and address of each designated account.

(19) How is the premium rate for this insurance established?

It is based on the 40% of the 100% coinsurance published fire contents rate for that portion of the building in which



the records of accounts receivable are usually kept, and credits or debits are applied.

Specific furniture and fixtures rates shall not be used unless they are the only published rates applicable to contents.

Where only blanket building and contents rates are published, they are increased 50% before the aforementioned percentages are applied. If there is no published 100% coinsurance fire contents rate, the 90% rate less 5% if published is substituted, otherwise the 80% rate less 10%.

(20) After the proper rate has been established, how is the amount of insurance determined and the premium figured?

It is of utmost importance that the amount of insurance carried should always be great enough to give adequate protection during the month when accounts receivable are at their peak.

The amount of insurance shall not be more than 110% of the maximum amount of accounts receivable during any one of the latest available 12 months.

The provisional premium payable

when the policy is issued shall not be less than the minimum earned policy premium, and shall be based on not less than the average monthly amount of accounts receivable for the latest available 12 months.

(21) Suppose an insured when buying a policy states that 110% of his highest month will not give him sufficient insurance because he anticipates an increase in business resulting in much larger accounts receivable. Is he permitted to purchase any amount he desires?

Yes, the amount of insurance may exceed the 110% limit if the provisional or deposit premium is increased to 80% of the premium for the selected amount of insurance.

(22) Does the "kind of business" have any bearing on the rate?

Yes, 20% credit can be allowed for risks classified as wholesalers, manufacturers or insurance agents. These are the only exceptions.

(23) Is there any reduction in premium if the accounts receivable are duplicated and kept at other premises?

Yes: (a) 50% credit if 90% of the amount of the insured's accounts receivable are and will be duplicated and will be kept for at least six months after duplication in another building rated as a separate risk; (b) 25% credit if under the same conditions at least 51% of the records are duplicated.

(24) In the Declarations of the policy it is stated that, at all times when the premises are not open for business, the insured will keep the records of accounts receivable in receptacles described in the policy. The rates charged contemplate that the receptacles either be fireproof safes or the equivalent. Are there any exceptions?

Yes, 100% additional premium must be charged if the records of accounts receivable are not kept in a safe or vault or a fully enclosed metal receptacle.

(25) There are many different types of safes and vaults. Is there any discount in the rate where the insured has one of the better types for protection of his records?

Yes, the following discounts apply: 40% credit for 4-hour label or Underwriters' Laboratories Class A.—30% for 2-hour label or Underwriters' Laboratories Class B.—20% for 1-hour label or Underwriters' Laboratories Class C.—10% for ½-hour label or Underwriters' Laboratories.

(26) Many old safes and vaults that do not have any labels give better protection to records than so called plain fireproof safes and vaults. Is any credit given in such a case?

Yes, 10% credit if the receptacle is (a) an unlabeled metal safe of at least 2-inch wall thickness or (b) a vault with inner and outer metal doors

separated by at least 12 inches of air space. Each such receptacle must be described in the policy.

(27) Because water can cause almost as much damage as fire, are records kept in safe, vaults and cabinets safe in this respect?

No, because very few safes, vaults or cabinets are waterproof. This is another reason why accounts receivable insurance is necessary.

(28) In the event of a fire or burglary is there any coverage for damage to the receptacles in which the records are kept?

There is no coverage for any property other than records.

(29) Is there a minimum annual rate?

Yes. The minimum annual rate per location shall be 4c per \$100 or the full 100% fire contents rate, whichever is lower.

(30) Is there a minimum earned policy premium?

Yes. The minimum earned policy premium is \$20 for one year or less, and \$50 if prepaid for three years.

(31) Will the credit rating be improved for any person or business that carries accounts receivable insurance?

Yes. Many banks when making loans insist that this form of insurance be carried. It definitely improves the ability of an insured to meet his obligation and to establish a better credit rating. Also during the settlement of a loss the insured may obtain a loan to offset impaired collections pending repayment. The insurance company will pay all interest charges.

The person who never makes a mistake never does anything — and that's the biggest mistake he can make.

—Turkey World

Return to Cash Basis Opposed In Income Statement Reports

Despite repeal of Sections 452 and 462 of the 1954 Revenue Code, governing estimated expenses and prepaid income, under which many companies properly sought tax deductions in setting up reserves, it would be a mistake to go back to the cash basis for these items, as "the initial pains of shifting from the less desirable to the more desirable have already been experienced," says Carman G. Blough, C.P.A., research director of the American Institute of Accountants, in *The Journal of Accountancy*.



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CENTRAL REPRODUCTION DEPARTMENT of Michigan Consolidated Gas Co., Detroit, processes over 24 million duplicated forms annually. Automation has enabled the company to achieve a 3200 per cent increase in work load in the past nine years without lowered efficiency or delays.

High-speed offset printers in the hands of trained men are an important part of this success story. Each of these machines can



reproduce upward of 6,000 copies per hour, the company declares.

XeroX equipment, Vari-Typers and Paraliners aid greatly in producing better quality duplicating masters. Letters, reports and statistics are turned out in volume by typists in the typing, stenographic and reproducing pool. (Accompanying table lists other components of the utility company's reproduction department.)

A Utility Finds It Saves Time and Money

THIS is the story (the story is still growing) of an Office Service Department whose people wanted to serve. It is also the story of people who did not believe the old bugaboo about modern machinery putting people out of work. By using machinery to do a better job



PAUL E. EWERS

quicker, and consequently cheaper, more people have found more which needed doing before but was too expensive or took too much time.

The better mousetrap principle will explain Michigan Consolidated Gas Company's steady business increase, undergirded by the twin-standards "high quality service" and "speed of execution." But what of the other side of the coin, the internal procedures? Could these meet the challenge, the efficiency demanded by the company's growth? They have, and the answer is in the philosophy expressed in the introductory statement by Paul E. Ewers, commercial office manager of the Detroit utility.

The key to maximum office efficiency, Mr. Ewers relates, was found in the area of its reproduction facilities, which began with typed copy and one duplicating machine and has advanced into the high-gear of automation, which successfully handles the increase of 3200 per cent volume in the last nine years.

The first duplicator has become a battery of duplicators; to these have been added a power paper drill, a book stitcher, offset printers, an electronic collator and a score of other associated pieces of equipment.

(Table herewith lists some of the diversified equipment making up Michigan Consolidated's highly automatized central reproduction department.)

How each new machine increased the quality of work and decreased the time necessary to complete the job is outlined by executive Ewers.

"Acceptable copy" to supervision means perfect copy—uniform coloring, neither too light nor too dark nor spotty, and proper spacing. In the mimeographing process, care was exercised in cutting the stencils and inking the drum just right. Mimeograph work looked as good as original typing. Compliments became the rule. To the first duplicating machine we have since added six others.

"Ruling forms on the mats or stencils was a slow job and not

everyone could produce uniformly even lines, properly spaced. We acquired a Paraliner with facilities for tracing, a rotating top for ruling lines both vertical and horizontal, and a micrometer attachment to space the lines accurately. Immediately the quality of the work improved so much that many jobs that had been done in other departments were routed to the central duplicating group. The increased volume could be handled with the same personnel because high speed is another characteristic of the device.

"More form work and more ruled, tabulated reports spelled long hours ruling the masters for duplicating or necessitated sending out for zinc plates. Now the work is done with a light box, at greater speed and lower cost.

"Checking the typed masters to insure accuracy was a formidable time-consuming task. The process was a necessary one even though, in some instances, only a few duplicated copies of a letter or report were needed. The briefs of a single commission hearing required two thousand duplicating masters.

"Xerography was presented as the method that would increase our efficiency in producing the masters for duplicating. XeroX equipment, consisting of camera, copier and fuser, was installed. From the outset this equipment paid dividends. It saved time in typing masters; it eliminated completely the need for checking the work because with this process an exact copy is produced."

Saving in money, while consider-

PAUL E. EWERS, commercial office manager of Michigan Consolidated Gas Co., Detroit, is a past president of the Detroit Association of Credit Men, a member of its advisory council, and has served as chairman of the accounting section, American Gas Association. A credit and collections career man, he began 31 years ago with the Merchants Credit Bureau, Detroit.

able, is only part of the advantage of this method, reports the utility company executive. "A master can be prepared in approximately three minutes by Xerography; hence they are available in a fraction of the time previously required for typing and checking. A vast improvement in service has resulted. The gain in efficiency provides for a rapidly increasing workload without a corresponding addition of space, equipment and personnel. The typists formerly assigned to work of this nature are now able to handle the increased volume of statistical, legal and specialized typing.

"Prior to installing the XeroX equipment, photostat copies of many papers, reports and documents were prepared for us by a commercial reproducing firm. Transportation of the original copy to the reproducing company consumed valuable time; it was often necessary for confidential work to leave our office, and considerable expense was involved. XeroX has almost entirely eliminated such outside work, with resultant lower costs and quicker service."

The department that began with one mimeograph, some typewriters, and a staff of twenty, today has a staff of fifty which produces 24 million duplicated copies annually.

Research and New Products "Hope of Small Business"

The greatest hope for the survival of small business rests in research and development of competitive new products, says Wendell B. Barnes, administrator of the Small Business Administration, Washington. Addressing the second annual new products seminar sponsored by Hilton & Riggio, Inc., New York advertising firm, Mr. Barnes outlined how Government is assisting small businessmen to develop new products.

Specialists in diverse areas voiced their opinions about the essential factors in the launching of new products. New styles, new products, new packaging, and improvement of established products were emphasized by George A. Phillips, advertising director of Cluett, Peabody & Co., Inc. Diversification as the key to increased sales was discussed by Clarence F. Manning, vice president and director, Reynolds Metal Company. "Management's greatest responsibility in attaining maximum sales is to instill in every salesman the flame of confidence," said Russell Varney, of Self-Selling Salesmanship, Inc. "As a salesman thinks, so goes the sale."

Automation for Reproduction

Some of the equipment in use at Michigan Consolidated Gas Company's central duplicating department:

A. B. Dick Co. Mimeographs
Challenge Machinery Co.

Power Paper Drill

Challenge Machinery Co.
Paper Cutter

Acme Steel Co.

Book Stitcher

Fornell Equipment Co.

Electronic Collator

(Reproduction Products Co. Distributor)

The Paraliner Co. Paraliner

The Haloid Co. XeroX equipment

Addressograph-Multigraph Corp. Offset Printers

General Binding Corp.

Plastic Binding Equipment

Certified Insulated Equipment Protects Records from Fire

Fireproof buildings' contents burn, and protection of business records against fire is dependent to a great extent on the insulated equipment wherein records are kept. Uninsulated steel files offer less than 5 minutes' protection against as little as 1000 deg. F., the amount of heat generated by a common match. A company's records might be destroyed after only a few minutes' exposure in an average fire, notes Remington Rand Inc., equipment manufacturer, urging that record containers should bear a recognized label of certification from such organizations as the Safe-Cabinet Laboratory, Safe Manufacturers National Association, or the Underwriters' Laboratories.

"Time Temperature Curve" Remington Rand leaflet SPC 4019.46 Rev. 1, shows the temperatures at which various substances will be destroyed by heat. Based on records of heat found in typical fires, as defined by the American Standards Association, this chart points out that, whereas glass and metals will begin to soften at from 1400 deg. to 2900 deg., paper and celluloid will burn at an absolute maximum of 300 deg. The Remington Rand 95-page handbook "Point-of-Use" Record protection lists on page 19 a table of "Fire Duration Ratings" of office furniture, based on tests conducted by the U.S. Bureau of Standards.

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WHAT AND HOW TO INSURE

By L. H. WIGGERS, Manager
Insurance & Real Estate Department
The Procter & Gamble Company
Cincinnati, Ohio

TO know what to insure one must have the facts. The question is how to obtain the facts and what facts are required. In the first place, the buyer should have before him an outline of the business procedure of his company. He must obtain the facts regarding various processes,



L. H. WIGGERS

types of business done, plant locations, types of construction. In other words, he must make a complete survey of the company and its developments, so to bring out the hazards requiring consideration.

In a large company substantial changes and additions are constantly being planned. The general management of our company is in the hands of an administrative committee which meets each week, authorizes expenditures, approves policy. The insurance manager is given a copy of its resolutions authorizing new developments, including additions to plants, new plants, changes in processes and matters of similar nature.

Up to Insurance Department

One resolution may authorize up to \$15,000 to equip a factory to load certain products in tank trucks. The next item may cover a large appropriation for a waste disposal system, or authorization to expand production at certain plants. It is then up to the insurance department to obtain more specific information.

Becoming familiar with the various plant locations and all departments is a time-consuming job, but it is a necessary procedure. Members of our department regularly visit the factories, mills, and even many offices.

Losses, while never pleasant, develop closer relations between the departments. To a department manager or to the superintendent of a plant a loss may be a big thing. He is puzzled, needs help. He comes to us; if we are able to help him collect the loss he is grateful. Typical losses of concern to depart-

Guide to Insurance Thinking

Here is the set of standards adopted as policy by The Procter & Gamble Company, Cincinnati, to determine its insurance coverage operations.

1. Type of insurance coverage to be maintained shall be determined by the administrative committee, based upon the recommendations of the manager of the insurance and real estate department, which are concurred in by the senior vice president. A schedule showing types of coverages currently approved is submitted to the administrative committee with each annual report. This schedule likewise shows which coverages are to be placed with outside insurance companies and which are to be placed in the companies' insurance reserves. Supplements to or deletions from this listing may be made upon the recommendations of the manager of the insurance and real estate department with the concurrence of the senior vice president.

2. Selection of insurance companies and policy forms shall be the responsibility of the manager of the insurance and real estate department.

3. Data to be used for determining the amount of coverage, or revision of amounts covered, at manufacturing plants, mills, and other locations at which property is owned, shall be furnished by the chief accountant and chief engineer (to the insurance and real estate department) at periodical intervals to be selected by the manager of the insurance and real estate department, in accordance with the requirements of the particular policies involved. The basis for calculating amounts of coverage shall be approved by the manager of the insurance and real estate department.

4. Data to be used for determining amount of insurance on marine shipments shall be furnished by the buying department for imports and by the overseas sales department and traffic department for export ship-

ments. The basis for calculating amounts of coverage shall be approved by the manager of the insurance and real estate department.

5. Maintenance of policies, insurance records, and follow-up files for policy renewals shall be the responsibility of the manager of the insurance and real estate department.

6. The manager of the insurance and real estate department shall be responsible for issuing annual reports to the administrative committee, listing the types of coverage maintained, premiums paid for each type of insurance, divided according to factory, mill or department, with a similar record for losses sustained during the preceding year.

7. Type of insurance coverage to be maintained and other matters relating to insurance in connection with foreign subsidiaries shall be determined by the management of each individual subsidiary and concurred in by the vice president in charge of the overseas division. The insurance and real estate department may be used in a consulting capacity by the overseas division and, when requested to do so by the vice president of that division, may place insurance, collect losses and do other things which will assist the overseas division in maintaining a good insurance program.

8. It shall be the responsibility of the manager of the insurance and real estate department to present monthly reports to the administrative committee containing a record of losses incurred during the preceding month. This report is to consist of personal injury and death cases, property losses and other claims estimated to exceed \$1,000 each. Suits filed against the company are to be included in this report.

ment managers may involve shortages or thefts.

We must know our loss experience. This information is not always easy to obtain, particularly in connection with workman's compensation and other forms of casualty insurance.

With his own records the insured is in position to insist on accurate statistics for each case from his insurance company. A defect in the insurance company's figures may

result from the necessity of using estimates for many cases for the year in which the losses occur. To correct errors in original estimates it is necessary to continue to check with insurance companies so long as cases remain open.

If it is a workmen's compensation injury for which a reserve has to be set up for a person's lifetime, mortality tables naturally must be used to arrive at estimates. The important thing is to see that both the insured

and the insurance companies are using the same tables and loss estimates. On property and marine losses the data are not difficult to obtain.

In determining what and how to insure, we are influenced by (1) our company's record over a period of years and (2) the insurance companies' record in providing services and rates. In a broad economy it seems difficult for insurance companies at times to grant rates reflecting the experience of a segment of the business. Probably this is necessarily so, but high rates on risks with good experience are bound to cause us to look closely at the risks and the loss possibilities. It may be that outside insurance is not justified.

Handle Some Losses Directly

Similarly, we may have a lot of small risks where the expected losses may be fairly well forecast. To carry insurance simply means trading dollars with insurance companies, but from a service standpoint it may be better to carry insurance on some of these risks. On others, we find it expedient to do without insurance and assume the losses. It has been to our advantage to pay workmen's compensation direct. While catastrophe insurance may be carried, the losses are paid directly.

Our company has profited from insurance along with the rest of the country, but our duty is to obtain protection against catastrophes. To one company a \$5,000 loss may be a catastrophe; to another, less than \$500,000 is not considered a catastrophe.

Insurance helps to provide a good cash position after a big loss, provided losses are adjusted promptly. Our company may be well equipped to adjust losses on our own risks where the public is not concerned. On casualty risks, however, where the public is involved, it seems to be the part of wisdom to let insurance companies carry the ball.

Determining the Reason

Why insure? The insurance manager may have no choice. Experience may be bad, his company in a tough position. By cooperating with insurance companies and their loss prevention departments it is possible to improve conditions and obtain insurance.

If the company is subject to catastrophic loss, then there is no argument about the need for insurance. If, however, that condition does not exist and large sums of money are being spent for insurance, then it is up to the insurance manager to lay the facts before his management

and to make recommendations, backed with facts and figures.

When Insure? "Before Loss!"

Another question: when to insure? Always insure before you have a loss. We had not been notified of a large amount of our merchandise stored in an open field. We had been at fault for not inspecting the field. When we discovered the error, insurance was placed at once. That was on a Tuesday. On Friday a fire in that field destroyed much of the merchandise.

There are too many tragic examples of what may happen when prompt decisions are not reached. A recent one involved a mill employee who became eligible for group life insurance. The plan was explained to the employee, but he could not bring himself to sign the application. On the very next night the man was killed.

Flexible Plan for Insurance

We follow a flexible plan. Where possible, we use general coverage and automatic coverage contracts. Agreed amount contracts are popular with us. Efforts are made to eliminate as many reports as possible. For example, each month there are many transfers of em-

LOWE H. WIGGERS, retiring assistant secretary of The Procter & Gamble Company, Cincinnati, has a record of 45 years with the company, which he entered in the treasury department.

Eight years later Mr. Wiggers was named manager of the insurance department, and in 1937 he added the duties of manager of the real estate department. It was in 1940 that he became assistant secretary.

A man of many community interests, he has served the Community Chest cause since World War I; in his church he is an elder and member of the board of church extension.

ployees from one city to another locale. The household goods are an important item to each employee. We recently discontinued insuring each shipment separately. When losses occur we pay them direct up to \$500 each. Excess insurance is carried with an outside insurance company by paying a small premium. Detailed monthly reports of individuals traveling by airplane on overseas operations have been eliminated. There has been a tremendous saving in number of reports.

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- Will it copy from blurred carbons?

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COURTESY OF FIREMAN'S FUND RECORD

By **STUART D. MENIST**
Manager, Branch Office
Fireman's Fund Insurance Group
San Francisco, California

THE advantage of being on the offense is the major reason why the modern-day forger is so successful in plying his trade. Did you know that the crime of forgery is the fastest growing and most common crime in America, and that forgeries are occurring at an average rate of \$1,000 per minute? This may come as a surprise to you since the forger, anything but spectacular in his operations, strikes silently and is usually far from the scene when the crime is detected.



S. D. MENIST

Forgers take the offense in several ways. They not only forge the signature of the maker of the check but also forge indorsements. More than half of the forgery losses, in fact, are results of forged indorsements over which the maker has no control. In addition to this, they increase the amounts of checks by altering them. They use check-writing machines themselves to make their product appear above suspicion. Nor can you overlook the amateur forger—the trusted employee or good friend, never suspected until caught, if he is.

Reliance cannot be placed on protective devices. It is well to add that the so called special forgery policies given away free by the checkwriting machine companies are necessarily quite restrictive in their terms, and are limited to the use of the check-writing machines.

Insurance Is the Defense

Actually, then, the one defense against the forger is the depositors forgery bond, written by itself or as a part of the comprehensive dishonesty, disappearance and destruction policy.

The depositors forgery bond indemnifies against losses sustained by reason of forgery or alteration of any

check, draft, or similar instrument, made or drawn by the insured or his agent, or purported to have been made or drawn by the insured. This includes indorsements on checks or drafts payable to a "fictitious payee" or procured in a face-to-face transaction (impersonation), whether or not such indorsement is a forgery within the law of the place controlling its construction.

Nearly all businesses and a great number of individuals use checks in their daily operations. As the use of checks increases, so does the pace of the forger. The result is that every maker or indorser of a check is a potential victim and may suffer a loss which could dangerously impair his financial stability.

Bank Not Always Liable

Most persons believe "it can't happen to me," but the statistics show that it does. Many feel that the bank is liable in the event of a forgery, but this is not always true; the bank is responsible only under certain conditions. Negligence on the part of the depositor may relieve the bank from liability and find the depositor bearing the loss. Such instances as failure to draw checks properly, to reconcile bank statements promptly, to notify the bank within a specified time, and countless other situations in which negligence or delay is a factor, can result in the bank being held free from liability. In the case of an employee perpetrating a forgery against his employer, these very points may arise.

The so called "imposter" cases have been numerous. These occur under circumstances in which the drawer, in a face-to-face transaction, delivers a check to an imposter as the payee and the drawer believes the imposter is the person upon whose indorsement the check will be paid. The courts have held that the indorsement by such an imposter in the name which he has adopted to impersonate another is not a forgery. Consequently, the bank is not liable, but the depositor suffers instead unless he has the protection of a depositors forgery bond.

The increasing use of mechanically reproduced facsimile signatures has also rendered the drawer of all checks more vulnerable but at the same time placed the bank in a preferred position. Again, however, the depositors forgery bond is the answer.

Naturally there are many cases in which there is an element of doubt as to the responsibility for a forgery, based upon the facts of the case and the intent underlying the transaction. If the insured were placed in a position of having to argue with his bank or engage in litigation in order to enforce his rights, it can be seen that his banking relationship and the obtaining of credit would be placed in jeopardy. This situation is covered in the depositors forgery bond through the bond indemnifying any bank in

STUART D. MENIST, graduate of the University of California, joined Fireman's Fund Insurance Company in 1937 following a period in the banking and insurance fields. After Army discharge with the rank of colonel, he returned to the company and in 1950 was elected assistant secretary, in 1954 made group manager of the multiple line, San Francisco branch office.

which the insured carries a checking or savings account. Attorneys' fees and legal expenses are also construed to be covered, whether incurred by the insured or the bank in the event of litigation.

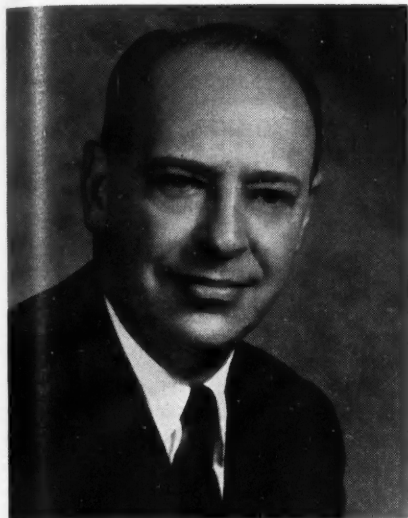
Factors in Deciding Amount

How large should the depositors forgery bond be? At first glance it might appear that the maximum balance maintained in an account would be the proper amount of coverage. This is not true, however, as the forgery may not be detected for a considerable length of time and the volume of business and turn-over may be great. Consequently, each case should be weighed accordingly.

A valuable feature of the depositors forgery bond is that it acts as additional protection in the event an employee dishonesty loss arises as a result of forgery.

Notwithstanding the increasing loss ratio in the forgery field, rates have not yet been increased. The depositors forgery bond is one of the best insurance buys available today, and now is the time that those responsible for their companies' insurance programs learn all there is to know about defense against the vicious offense of the forger.

Unlimited Industry Growth Ahead with Personal Factor Requisite, Says Black



KENNETH E. BLACK

New levels of prosperity and service in the property insurance field are foreseen by President Kenneth E. Black of Home Insurance Company, but "operations must be streamlined and the campaign broadened to publicly establish the independent local agent as the most practical and efficient medium of providing property insurance if the potentials of the industry are to be fully realized."

In a half-century review and a forward look into the development of property insurance in this country, Mr. Black noted these changing patterns which, he said, will influence the method of doing business for the next 50 years: "The multiple line concept, which now has left the planning board, the application of electronics to accounting, underwriting and loss procedures, the resurgence of personal salesmanship and utilization of modern merchandising methods in the active solicitation of business, the competitive threat of those companies operating on a direct writing basis which have expanded their activity materially."

"Housing, home goods and automobile market expansion augur well for our business," the insurance executive told the Detroit Association of Insurance Agents, "and there is no conceivable limit to our progress if we continue to improve our services and facilities and adhere to the basics of our business."

Mr. Black entered the insurance field in 1927, with Liberty Mutual Insurance Company, and has held positions as agent, broker, claims

investigator, and general agent or territorial manager. He has been with Home since 1942 and was named president and chief executive officer last year.

New Highs for Mutual Funds Add Billion in Half Year

Total net assets of the 146 member companies of the National Association of Investment Companies on June 30, 1955 reached \$8,484,675,000, a gain of \$1,187,081,000 over the 1954 year-end total, the Association reported. In the first six months of this year, net assets of the 117 open-end (Mutual Fund) companies increased by \$1,076,309,000 to a new high of \$7,185,699,000. In the same period, total net assets of the 29 closed-end company members rose to \$1,298,976,000 from \$1,188,204,000 at the end of 1954.

A new high, a total of 54,653 accumulation plans was opened by investors for the regular purchase of mutual fund shares in the first six months of 1955. The 9,942 plans started in June set a monthly record. The previous high month was March, with 9,879 new plans. The number of shareholder accounts totaled 2,105,066 on June 30, 1955, a gain of 193,573 since the end of last year. For the first six months of 1955 were made total distributions of \$180,259,000 to owners of securities of the member companies, the report states.

Silbert Opens Seminars on Outlook for Small Business

Small business, its prospects and problems, will be the theme of a series of practical seminars opening October 4th—a Columbia University project—New York, with Theodore H. Silbert, president of Standard Factors Corporation, as course coordinator and moderator.

Leaders in their respective fields will speak at the eight seminars, presented on Tuesday evenings at the Harkness theatre. The October 4th session will be addressed by Mr. Silbert, Mortimer J. Davis, executive vice president, New York Credit and Financial Management Association, and James F. Bender, partner in James F. Bender and Associates. The final speaker at the final meeting, November 29th, will be Ogden R. Reid, president and publisher, New York Herald Tribune.

**HOW SOUND
IS YOUR COMPANY'S
INSURANCE PROGRAM?**

Every year companies go out of business—or suffer severe loss—because of inadequate insurance coverage.

Protecting your business is the business of Ebasco's insurance specialists. They do not *sell* insurance—but they *will* survey your insurance needs and give you skilled, objective, help on your company's insurance program.

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Find out now about the insurance services offered by Ebasco's specialists. It will assure you of a sound, comprehensive insurance program at low cost. Send for our booklet "How to get the most out of your Business Insurance Program." No obligation, of course. Address Insurance Dept., Ebasco Services Incorporated, Two Rector Street, New York 6, N. Y.

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Tax • Washington Office

If You Can "OK" All These Conditions Fulfilled, Fire Won't Hurt So Much

by LEWIS A. VINCENT
General Manager

National Board of Fire Underwriters
New York, N.Y.

HEATING equipment causes 10 per cent of the total fire loss in the United States and a



L. A. VINCENT

large part of that percentage is attributable to failure to keep combustible material at a safe distance or so protected as to eliminate the possibility of ignition by the heater.

The National Board of Fire Underwriters, presenting a checklist of safety steps, in a drive sloganized "Let's Clean Up, Not Burn Up," supports this conclusion with the observation that there is a marked increase of fires at times of severe cold weather, when heating apparatus is running at full capacity.

The National Board offers this general definition of safety operation of heating equipment in terms of proximity of combustible material:

"The amount of clearance, or the amount of clearance in combination with whatever protection is provided the combustible material, must be such that the temperature to which the combustible material will be raised will not exceed the safe temperature limit for that material."

Check the precautions presented herewith, in plant, office and home.

Government Can Help Too Much, But How Much is "Too?"

Excessive search for security through governmental means can lead to loss of incentive and decay of the dynamic economy of a people, and government aid beyond subsistence is an unnecessary interference with individual responsibilities, two outstanding representatives of Great Britain and the United States agree. They differ, however, on the extent to which government should go in "cradle to grave" insurance systems. Says Ray D. Murphy, president, The Equitable Life Assurance Society of the United States, spokes-

Prefacing the message with an illustration headed "72,300 U. S. stores burn annually, with \$181,-340,000 loss," the National Fire Protection Association offers a "Self-Inspection Blank" to store owners to help them protect their property from needless fire, provided they use the checkup regularly and do something about shortcomings it reveals.

I PANIC KILLS. CAN YOUR CUSTOMERS AND EMPLOYEES GET OUT AS EASILY AS THEY GOT IN?

1. Are all entrances and fire exits unobstructed?.....Are they clearly marked and lighted?.....Emergency stairs in good repair?.....
2. Are all vertical openings—stairways, elevator shafts, etc., enclosed?.....Are moving stairways (escalators, etc.) protected?.....
3. Are all fire doors unobstructed and not wedged open?.....Are weights, fusible links and other automatic-closing equipment for fire doors in good condition?.....
4. Are store aisles wide and unobstructed?.....
5. Do you hold periodic fire drills for your employees and do they know what to do in a fire emergency?.....

II YOUR BASEMENT IS YOUR MOST VULNERABLE FIRE POINT—42.7% OF MERCANTILE FIRES START HERE.

Self-Inspection Blank

1. Is all rubbish removed regularly—not just out into the store yard—but burned or hauled away to the dump?.....Are covered waste cans of approved type used for collection of waste materials, especially oily waste?.....
2. Is basement storage space separated by substantial partitions from furnace rooms, waste paper rooms or other hazardous areas?.....Is merchandise stored neatly with easy access for fire-fighting?.....Are automatic fire protection devices in good order?.....
3. Are packing materials kept in bins with automatically-closing covers?.....Are flammable liquids stored in approved safety containers?.....
4. Have proper safeguards for heating units been provided?.....Any combustibles too near source of heat?.....Are fuel supplies safely stored?.....
5. Are all electrical installations performed by a competent electrician in conformance with National Electrical Code?.....
6. Are all fuses of proper type, size and in good condition?.....
7. Is there dirt or rubbish under shipping room benches?.....in employees' lockers?.....behind radiators?.....in elevator pits?.....Any other part of the premises?.....

man for voluntary insurance plans, "In the end, government has no benefits to give except from the taxes which it takes. The older beneficiary, receiving old-age benefits worth \$15,000, after having paid \$150 in taxes and his employer a like amount, thinks social security a bargain." He forgets the remaining \$14,700 "must come in one way or another from fellow citizens in taxes."

Lord Beveridge of Oxford, whose Report of 1942 had influenced the shaping of England's National Insurance Act of 1946, which instituted "cradle to grave" benefits including a national health service, calls attention to the shift in weight in social security coverage from the

unemployed group to the fast-increasing aged population in each of the two English-speaking nations.

Another dangerous fallacy pointed out by Mr. Murphy is that current workers believe the present OASI (Old Age and Survivors System) fund will take care of their future benefits, a political "bromide" which emphasizes the "expectation of greater benefits in the future rather than stressing the greater taxes that will be necessary in the future to pay for them."

Both authorities spoke on the topic "The Welfare Concept: Government's Role Re-Examined," at the 38th annual meeting of The National Industrial Conference Board.

Pioneer Factoring Education

THE New York Institute of Credit in cooperation with the New York Credit and Financial Management Association have pioneered the way in a new specialized educational program. They are conducting a special course in factoring. To the best of my knowledge this is the first time a special formal course on this highly important business has been scheduled. They launched it last year and have improved it considerably for the year ahead. It is only natural they expect a large enrollment because the course is so well worthwhile.

All in the factoring business ought to urge their credit men to take this educational course on factoring. It is a tremendously fine investment for the company. The course is given in the evening and covers all phases of factoring. The men who do the lecturing are well qualified in their respective field.

I am certain that factoring will be benefited and that the standards in this highly important commercial field will be constantly improved due to this educational program. I congratulate the New York Institute of Credit on their vision in making this course available. I feel that many organizations would be very interested. Information can be had by writing to the New York Institute of Credit.

The factoring people and in fact the entire textile industry have pioneered in many new credit developments. The Fraud Prevention Department of the National Association of Credit Men is really their creation. It has long since proven its value. Now they are moving in on a splendid educational program, highly essential to an efficient job in their line of work. When other needs develop they undoubtedly will pioneer again in the establishment of the necessary program to fulfill these needs.

HENRY H. HEIMANN

Variable Annuity Bills Sponsored by Prudential

The Prudential Insurance Company of America, which at the end of 1954 had more than 46 million policies and certificates in force, has asked to have introduced into the New Jersey legislative Assembly the Variable Annuity Bill No. 307, now pending, which with its amendments authorizes any New Jersey life insurance company, stock or mutual, to set up a segregated investment account to be known as the Variable Contract Account, authorizing issuance of special types of contracts, such as variable annuities, under which payments would vary in dollar amount to reflect the investment results of the account.

"Individual retirement annuity plans cannot adjust too well to inflation," said President Carrol M. Shanks.

A person buying a variable annuity would be credited with a number of units, in effect representing his share of the value of the assets in the Variable Contract Account. When he became entitled to benefits, the units payable to him would be converted as they became due into their current dollar values. For example, a \$500 payment in 1955 might buy 50 units, next year 45 units.

Suretyship Service Trends Appraised by Producers

Turning their attention to the field of private construction, which forecasts indicate may set a record volume of \$41 billions for 1955, spokesmen for surety, construction and credit companies at the annual meeting of the National Association of Surety Bond Producers in New York, appraised the trend of suretyship services in the period ahead. Warren N. Gaffney, general manager of The Surety Association of America, stressed the "guarantee of performance which corporate suretyship provides, and its stabilizing influence on the economy." He condemned as inimical to free enterprise, the practice of certain public bodies of designating in specifications or bidding information a named bonding company to be surety for contractors to whom public contracts are awarded, or otherwise indicating the surety on such bond.

"Whether bonding companies are too lenient in writing performance and payment bonds is a question," noted speaker George C. Koss, Des Moines, president of the Associated General Contractors of America. He praised the surety bond producers' successful handling of once-marginal construction companies.

MARSH & McLENNAN

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Guides to Improved Executive Operation

KEEPING INFORMED

FOUR REPORTS on causes of fires and preventive measures are new publications available from the National Fire Protection Association, 60 Battery March St., Boston, Mass.

Fire Record Bulletin, (FH 55-5) comprises the findings of a special fire record study of restaurants, that owners and employees must be especially careful of flammable liquids used in and resulting from cooking—for these liquids are the principal cause of restaurant fires.

A new advisory text, "The Hazards of Vaporizing Liquid Extinguishing Agents," (NF PA No. 182-M), gives an evaluation of the practical toxicity problems associated with the use of common vaporizing liquids in hand fire extinguishers.

An informational pamphlet, "Recommended Safe Practice for Laboratories Handling Radioactive Materials," (NFPA No. 801), is directed to designers and operators of such establishments.

"A Guide for the Organization of Fire Safety in Modern Industrial Establishments," (NFPA No. 6-M), outlines the recommended development of a fire safety organization on both the plant basis and multi-plant basis and treats aspects of loss-preventions.

MISGUIDED MISSILES is the title of a booklet designed to point up the causes of automobile accidents. It is illustrated with charts, tables and checklists, reminding one that the biggest road danger is the individual driver. Write The Travelers Insurance Companies, Hartford, Conn. Free.

WOMEN IN THE FACTORY—A 24-page booklet presents general safe practice rules especially adapted to meet the needs of women employees. Particular emphasis is placed upon safe clothing and on correct lifting methods. 3½" x 5½", illustrated, \$3.25 per 100 copies. Enclosed with pay envelopes suggested. Association of Casualty and Surety Companies, 60 John St., New York 38, N.Y.

Informative reports, pamphlets, circulars, etc., which may be of interest to you. Please write directly to the publisher for them. CREDIT AND FINANCIAL MANAGEMENT does not have copies available.

To expedite receiving these booklets, please address all inquiries concerning Efficiency Tips to CREDIT AND FINANCIAL MANAGEMENT, 229 Fourth Ave., New York 3, N.Y.

EFFICIENCY TIPS

468—BURROUGHS CORPORATION has introduced a new flexible high-speed automatic check indorser for use in conjunction with Burroughs Micro-Twin microfilm recorder and reader, or the Twin without the reader. The indorser will accurately indorse checks at the same time and at the same speed with which they are microfilmed, and can be quickly installed on machines now in use. Ask us for details.

469 A "Business Card Buyers' Guide," issued by R. O. H. Hill, Inc., is a kit for design and selection of business cards. Let us help you obtain detailed information.

470 From S. S. Silver Interiors company is available a booklet titled "Business Interiors—Office, Store, Showroom." Factors cited for improved office worker efficiency include special equipment, traffic arrangement, sound control, lighting and color. Rent and labor problems also are discussed.

471 What's Right with This Picture?" is the title of an illustrated booklet by Pitney-Bowes, Inc., on the subject of metered mail and its contribution to office efficiency. Write us.

472 An illustrated booklet on Blue Streak electric check writers and signers is available from Todd Co., Inc. Ask us for a copy.

473 A brochure on Xerography, from The Haloid Company, presents a case history of experience of Westinghouse Corporation. Let us help you to additional information.

474 "How Small Can a Mailer Be?" A folder from Inserting and Mailing Machine Company presents a case history of savings by mechanization in the mailroom. Write us.

"How to Think About and Plan Insurance for Wholesalers," National Association of Wholesalers, described in "Keeping Informed" (CFM September) is priced at \$1 per copy.

BOOK REVIEWS

INSURANCE—New fourth edition. By Albert H. Mowbray and Ralph H. Blanchard. \$6.00. McGraw-Hill Book Co., Inc., 330 West 42d Street, New York 36, N.Y.

† Conveys not merely information on the theory and practice of insurance, but understanding of the problems, mechanism, and practical applications, covering Risk; Contract; Insurers; Problems of Insurers; Insurance and Government; and Risk Management. It is a sound presentation of the fundamentals of the economic significance of insurance.

CYCLOPEDIA OF INSURANCE IN THE UNITED STATES—Sixty-fifth annual edition. By G. Reid MacKay and C. S. Rosensweig. \$7.50. The Index Publishing Co., 123 William Street, New York, N.Y.

† Covers a complete directory of insurance organization, important court decisions bearing on state regulations, definitions of terms and forms, and biographical sketches of men who are prominent in the insurance business.

BASIC EVERYDAY ENCYCLOPEDIA — A handy desk reference for the executive. It contains thumbnail information in most fields of human knowledge. Random House, 457 Madison Ave., New York, N.Y. \$1.00, de luxe edition \$2.95.

BALANCING AMERICA'S PRODUCTIVITY—An informative and interesting broad-gauge discussion of what it takes to keep our machine-for-good-living running in high gear. By Robert R. Updegraff. \$1.00. The Updegraff Press, Ltd., Scarsdale, N.Y.

ORAL COMMUNICATION IN BUSINESS—By David C. Phillips. \$3.75. McGraw-Hill Book Company, Inc., 330 West 42d St., New York 36, N.Y. Whether a neophyte or veteran in business, each can find material to help him better his position by improving the way in which ideas are presented. The first half concerns the essential principles of all communication situations; the second part takes up specific problems of such situations as conferences, interviews, meetings, sales and radio and television presentations.

Books reviewed or mentioned in this column are not available from CREDIT AND FINANCIAL MANAGEMENT unless so indicated. Please order from your book store or direct from the publisher.

Microscope Safari Tracks Down Causes of Occupational Fatigue, Measures Energy Needs

HOPKINTON, MASSACHUSETTS is best known to the sporting world as the starting place for the internationally famous B. A. A. Marathon, an annual event that has long been associated with grueling fatigue.

Through the study and experiments of Dr. Willem S. Frederik at the Liberty Mutual Research Center in Hopkinton, the town may also become well-known throughout the world of industry and business as the starting place of a winning campaign against the fatigue that makes the workingman more susceptible to accidents which can be disabling or even fatal.

Dr. Frederik is a native of Utrecht, Holland. He holds a doctor of philosophy degree from the University of Utrecht and a doctorate of medicine from the Utrecht Medical School.

In his work as industrial physiologist for Liberty Mutual Insurance Company, Dr. Frederik has made exhaustive studies of industrial fatigue, its causes and results. Those studies have resulted in design and development of an instrument he calls the "Performance Indicator," which measures a person's reaction time with great accuracy while performing a task under study. "The instrument," says Dr. Frederik, "can indicate the onset of what we call 'functional objective fatigue' by significant changes in the reaction time of the person being tested. This method will enable us to evaluate the influence of working environment factors on operational fatigue, and promises new ways of attacking the enemy of modern civilization, the accident."

Still another avenue of attack fol-



Dr. Frederik, Liberty Mutual's Industrial Physiologist

lowed by Dr. Frederik and his associates at the Hopkinton research center has been in the measurement of energy requirements of industrial performances. "The measurement of human efficiency gives useful information on the best way to perform a task from a physiological viewpoint and will provide in many instances important facts in equipment design," Dr. Frederik explains.

To measure human efficiency and human energy consumption, Dr. Frederik recently designed the "Differential Flame Oxymeter," which by means of a face mask connected to the instrument makes a continuous analysis of the oxygen consumption and carbon dioxide production of the individual being tested. "Because of the high accuracy and sensitivity of the instrument and its immediate response to changes in composition of the respiratory air, we can determine fairly fast under which circumstances the minimum amount of energy is being used as well as the actual energy cost of performance," the Center's industrial physiologist says.

In the search for practical solutions to the problem of industrial fatigue, Dr. Frederik and the Liberty Mutual Research Center have also

studied work methods and work effort involved in lifting operations which are well known as major causes of back injuries and other industrial accidents.

Job Fatigue from Lifting

In one on-the-job study, Dr. Frederik was called upon to attempt to reduce the job fatigue resulting from a lifting operation in which two workmen have to transfer heavy bags from a truck to a belt conveyor. After his studies, Dr. Frederik recommended that the workmen exchange sides every half hour during their eight hour stint. The result, says Liberty Mutual, was that the workmen's fatigue from the lifting operation was reduced by half, but the rate of loading was not affected. Another "field study" involving a second truck loading operation resulted in the industrial physiologist's conclusion that 40 pounds was the best weight for the bags that were being loaded if the workman's fatigue was to be kept at the minimum.

So it goes at Hopkinton where research continues on the big industrial problem—why a workingman gets tired—whether he's a truck driver from Manhattan, a machine operator from Memphis, or a millwright from Mobile.

2,500 Rehabilitated

After rehabilitation at the Boston and Chicago centers of Liberty Mutual Insurance Company, more than 2,500 seriously maimed industrial workers, many with amputated limbs or paralyzed by spinal cord accidents, have been returned to profitable jobs since the centers opened (Boston 1943, Chicago 1951), declared Stanwood L. Hanson, Liberty executive.

Modernizing for Office Efficiency

introducing new office equipment and systems to effect economies in labor and cost, as well as to speed production of essential office work

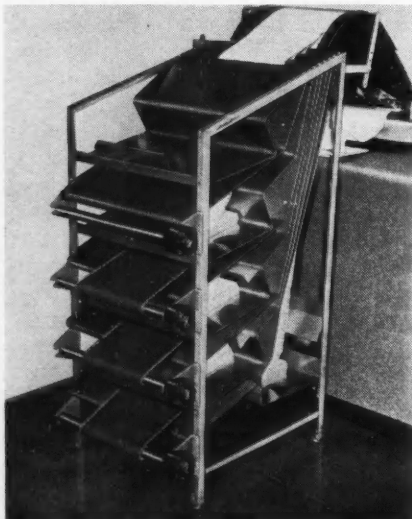


Imprinted Tapes

A-214 At EEBEL-BINDER COMPANY a specialty is imprinting sales and promotional messages on all kinds of tape: Scotch Brand pressure sensitive tapes, such as cellophane, acetate and the new pressure sensitive paper flatback tape, also on Tru-Test kraft gummed tape. Imprinting can be had on quantities to meet the needs of small and large concerns. Further information upon request.

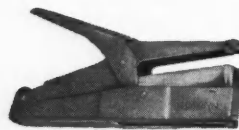
New Carbon Separator

A-215 The new Gravity Carbon Separator with Carbon Rewind developed by the STANDARD REGISTER COMPANY, for use with punched card accounting machines, has been designed to remove interleaved carbon from forms as they are issued from the machine, to refold copies of the form into individual packs, and to provide a method for convenient, clean disposal of the used carbon paper by rewinding it on



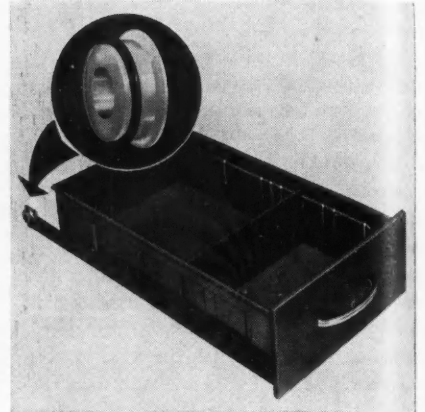
This Department will welcome opportunities to serve you by contacting manufacturers or wholesalers for further information regarding products described herein. Address MODERNIZING, Credit & Financial Management, 229 Fourth Ave., New York 3.

spools. Each spindle accommodates approximately 500 lineal feet of carbon. Loading is accomplished by merely wrapping the carbon once around the spindle. When the roll is full, the spindle is released by a simple latch mechanism and the carbon slipped off into a waste container. Office floor space is utilized to its maximum because the used carbon is compactly rolled. The problem of static in separating carbon and paper has been completely eliminated. Manufacturer will be glad to give details.



Portable Carton Stitcher

A-216 The "MP3-CS" Super-Stapler Portable Carton Stitcher with cutting blade is especially useful for assembling and closing cartons, for cutting down cartons, and for heavy-duty fastening work. Other uses for the Super Stapler noted by the manufacturer, MARKWELL MANUFACTURING COMPANY, are: as emergency tacker for putting labels on shipping containers; a quick and easy means for turning cartons of various kinds into display stands; for closing heavy bags such as of burlap and tar paper; for fastening heavy swatches of fabric to a price ticket; for stapling small objects to display cards. Even the wood used in egg crates and strawberry boxes is easily subject to the penetrating power of the MP3-CS. Weight of the MP3-CS is less than 1½ lbs. Without the blade it is known as the "MP-3."



Silent Desk Drawers

A-217 Storage drawers of all Steel Age "3000 Line" desks now being manufactured by CORY-JAMESTOWN MANUFACTURING CORPORATION feature a nylon and Buna "N" desk drawer roller which reduces storage drawer noise up to 72 per cent and is said to outwear steel. An integral Buna "N" silencer ring is largely responsible for the roller's unusual quietness. The rollers are of special-type flanged design to eliminate all sliding friction. The molded nylon is self-lubricating. Manufacturer tests indicate the roller will provide noiseless operation many years.

Private "Phone Booth"

A-218 The new model HUSH-A-PHONE snapped on the mouthpiece of a telephone creates a "private booth" which insures privacy of phone conversations, provides better hearing in noisy places by keeping surrounding noises out of the transmitter, and lessens office clamor. Made of black plastic, the unit weighs only 5 oz. Made by the Hush-A-Phone Corporation, the product is obtainable for hand-set (French) and hang-up phones. Special models are also available for dictating machines. We shall be glad to send details.



Legal Rulings and Opinions

CURRENT INSURANCE DECISIONS

By **CARL B. EVERBERG**

Attorney at Law, Woburn, Mass.

Dropping a policy did not stop the grace period for paying premium

An insured notified the insurer that she was dropping her life insurance. The insurance company replied that the policy had been permitted to lapse. The insured died unexpectedly within the grace period for paying premium (the policy providing for a 31-day grace period) after the premium had become due and following the exchange of correspondence mentioned.

The statute in Texas required a grace period to all life insurance policyholders. On declination by the company to pay loss under the policy, it was held that the grace period provided for by law could not be nullified by the parties to the policy nor could it be waived without consideration by the policyholder. The court added that insured's letter was not a consent to a waiver of the benefit of the grace period but it was merely advice that she did not intend to pay further premiums. She could not have intended to give up any of her already accrued benefits under the policy. *Satery v. Great Am. Reserve Ins. Co.*, 278 S.W. 2nd 377 (1955).

Vermin did not mean "squirrel"

A personal property floater policy covered certain property which had become damaged by a squirrel. The policy excluded damage caused by vermin. The position of the company was that the damage came under this exclusion. However, the court, digging into dictionaries, found that vermin are defined as noxious, mischievous or mean animals or insects, such as flies, lice, bedbugs, fleas, etc. and among animals, rats, mice, weasels. And squirrels are none of these. *No. British & Merc. Ins. Co. v. Mercer*, 211 Ga. 161. (1954).

Whether acceptance of late premium payments constitutes waiver of requirement of timely payments thereafter

The fact that an insurance company, on a couple of previous occasions had accepted premiums late did not constitute a waiver of the

right to deny liability on a claim made for medical payments and expenses occurred during a default in the payment of premiums.

There is a rule, however, that an insurance company which by any course of conduct induces in the mind of the insured an honest belief, reasonably founded, that strict compliance with the stipulations for prompt payment of premiums will not be insisted on, waives the right to a forfeiture of the policy for non-payment. In this case such course of conduct could not be proved merely by the fact that on two occasions in the past the premiums sent in late were accepted. *Cooper v. Foresters Underwriters* (1954) 2 Utah 2nd 373.

Cases involving claims resulting from windstorm, tornado and the like

We have become quite conscious of insurance covering hurricane, tornado, windstorm damages. New hurricane areas have developed in the United States and losses have run into staggering amounts in the last few years.

Many new problems have presented themselves in connection with insurance. In Texas, for example, it has been held that destruction of an automobile by falling bricks and timbers, when a windstorm demolished a building, was not caused by "collision" within the meaning of a standard automobile collision insurance policy. Policyholder did not carry windstorm insurance but did carry collision insurance. The Court held that windstorm is a separate peril. Risks are so divided that the public may buy collision insurance without buying hail or windstorm insurance.

It was the windstorm that set in motion a series of events which, without intervention of any new, independent causes, brought about the ultimate destruction of the automobile. The court commented on the possible absurdity of an insurance company denying liability under a policy which would have covered windstorm damage, on the ground that it was a collision loss. (1954). *U. S. Ins. Co. of Waco v. Boyer*, 269

S. W. 2nd 340, also followed in *Home Ins. Co. of N. Y. v. Cox*, 269 S. W. 2nd 343.

In another situation in an action under a windstorm policy, when an automobile had been damaged by being blown by the wind into a ditch it was held that the windstorm was the efficient and proximate cause of the damage and it was immaterial if the damage was incidentally and indirectly brought about by collision in the ditch (collision and upset having been excluded in the policy). *Shirey v. Tri-State Ins. Co.* 274 P. 2nd 386. (Oklahoma 1954).

Certificates of insurance (life, health and accident) validly issued by finance company under master policy issued by insurance company

Under Texas law it was held that a finance company could issue certificates of insurance on the lives of its debtors, having a master policy with an insurance company which had agreed to the arrangement. Under the statute the insurance goes to reduce or extinguish the unpaid indebtedness of the debtor to the finance company. *Pacific Finance Corp. v. Moody* (1954) 272 S. W. 2nd 403.

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Credit Management Moves In to Aid Business Hit by Six-State Floods

CREDIT management marched in the front ranks of private, Government and relief agencies to bring help to the uncounted thousands of businesses and hundreds of thousands of individuals still suffering from the ravages of floods in six northeastern states, that caused more than 200 deaths and billions of dollars in property damage.

To stores, offices and plants damaged beyond repair by the flood waters that undermined foundations and swept away or spoiled stocks, companies were quick to proffer supplies and credit extensions to customers in Connecticut, New York, Massachusetts, Rhode Island, Pennsylvania, and New Jersey.

Typical of the response was the following letter sent to customers of Simmons Company, Elizabeth, N.J., by its Atlantic Division credit manager, Harry C. Pfost. In the communication Mr. Pfost, a director of the National Association of Credit Men, followed a company precedent in time of catastrophe, with very encouraging replies. He wrote:

"It is with grave concern that we note reports of the severe damage inflicted in your locality by last week's storm and can well appreciate the hardship imposed upon many of your customers and the resulting inconvenience to the normal conduct of your business.

"In line with the policy of Simmons Company, we wish to take this opportunity of offering our fullest cooperation, and trust that you will not hesitate to call on us if we can be of any help from either a sales or credit standpoint."

Pharmaceutical and medical supply manufacturers not only rushed vaccine and other supplies to the distress centers but offered to replenish, free, the damaged stocks of their products. Among these companies were Johnson and Johnson of New Brunswick, N.J.; McKesson & Robbins of New York; Eli Lilly & Co., Indianapolis, and Parke, Davis & Co., Detroit. In Philadelphia, Wyeth Laboratories donated quantities of drugs to affected suburban communities. Lederle Laboratories' first shipment from Pearl River, N.Y., included 40,000 vials of anti-tetanus and typhoid shots to Scranton.

Johnson & Johnson explained that

Credit Character Rides On

THE most important element in credit is character. Credit character is a respect for credit obligations and the fulfilment of credit terms. Credit character is never liquidated by disasters. The capital and surplus of a debtor may be, and frequently is, entirely wiped out, but the credit character of the individual or company is unaffected. If he was a good character risk before suffering these losses, he still remains a good character risk.

Those who had credit worthiness prior to the hurricane or flood are finding their sources of supply will cooperate with them to the limit of their ability on a liberal basis in enabling them to restock and replenish their stores and factories. During the flood in Kentucky, the floods in Pennsylvania, in everyone of these catastrophe situations, millions of dollars of credit was extended on credit character. The loss resulting from this faith was infinitesimal.

Every credit man will do his utmost in aiding the individuals and business organizations during this critical period. They know that good credit character is practically indestructible.

HENRY H. HEIMANN

it was supplying replacements, without cost, of all damaged merchandise, both to assure sterility of products and to help druggists and other retailers meet the financial toll.

Facit's president, E. A. Ohlsson, offered free loan of its calculators, Odhner adding machines and Halda typewriters.

Businesses hurt by the floods are finding that "a history of equitable credit dealings with suppliers is 'money in the bank'," said Mortimer J. Davis, executive vice president, New York Credit & Financial Management Association. Mr. Davis cited an instance. The chief credit executive of a large factoring company plane-hopped from city to city in the flooded areas to get firsthand data on customers' needs.

Local banks in northeastern states and in North Carolina collaborated with their large-city correspondents to take care of emergency financing for their customers and were helping them plan rebuilding.

Less recovery from insurance was being made than from the hurricanes of 1954 and '55. (Floods, not the hurricane itself, had caused the post-Diane losses).

Some holders of comprehensive policies are entitled to payment, it was pointed out, if their business buildings or homes were damaged by the gales and by water that came in through openings made by the high winds.

A relatively large number of

claims for damage and destruction of automobiles, however, was indicated.

A representative of the National Board of Underwriters said insurance companies last year paid out \$225 millions on losses in three hurricanes, and that this year Hurricane Connie alone had cost \$300 millions in claims. As for Hurricane Diane, precursor of the disastrous floods of August, the audit of the havoc she had wreaked was not yet complete.

Federal and state governments were sharing with individuals the cost of relief and reconstruction. Loans were immediately made available by the Small Business Administration, the Farmers Home Administration and other Government agencies.

In the six states, farmers covered by Federal crop insurance were assured of payments through their state and county stabilization committees, and applications for loans were being accepted.

Tax-Deductible Losses

New York's acting district director of the Internal Revenue Bureau announced that losses on business property and residences and personal belongings can be deducted on itemized tax returns for 1955. This applies also to losses from hurricanes and other storms. When repairs or replacements are made, taxpayers should attach bills or receipts to income tax returns next April.



THEY LEARNED AND TAUGHT AT THE DARTMOUTH GRADUATE SCHOOL

59 Executives Finish Dartmouth Course

FIFTY-NINE recipients of the Executive Award at the Graduate School of Credit and Financial Management at Dartmouth College are back at their desks with new ideas to improve the efficiency of their departments for increased profitable operation of the companies, concomitantly enhancing the prestige of Credit. Special exercises marked the close of the sixth annual session in the Tuck School of Business Administration at the Hanover, N.H., educational center.

The graduates, ranging in age from 35 to 40, completed three summer sessions at the school, which is sponsored by the Credit Research Foundation of the National Association of Credit Men.

Schriver Is Commencement Speaker

Lester O. Schriver, managing director of the National Association of Life Underwriters, gave the commencement address.

The Executive Awards were presented by William J. Dickson, assistant executive director of the school, in Dartmouth Hall, built in 1784 and one of the college's most historic buildings.

The Graduate School has now been

in operation nine years. A report of the session at Stanford University, Palo Alto, Calif., at which 12 Executive Awards were presented, appeared in September's CFM.

At this year's Dartmouth session were 197 students and 25 faculty members, from Dartmouth, Harvard, Washington University, University of Pennsylvania, New York University, and Davidson College, as well as industry representatives who also served on the faculty.

Winners of Special Awards

Miss Helen R. Frankle, assistant treasurer, Island Equipment Corporation, Long Island City, received the American Petroleum Credit Association Award for the best Management Study Report, judged on the basis of value to credit and financial executives and originality of material. Miss Frankle's subject

The real price of everything is the toil and trouble of acquiring it.

—Adam Smith

was "Sales Distribution Study For a Conveyor Manufacturer."

Frederick B. Utley, Jr., assistant secretary, The Hanover Bank, New York, N.Y., received the Paul G. Hoffman Award as the graduate who had done the best work and had shown "marked personal and professional improvement" for all three sessions.

George D. Mason, vice president and treasurer, Dunham Bros. Co., Brattleboro, Vt., received the Alumni Association's Honor Merit Award, for the senior making the outstanding contribution to leadership in the class and to the school.

Following are the names and companies of the recipients of the Executive Awards:

AMEDURI, ANTHONY, Mahoning Valley Supply Co., Youngstown; ANDERSON, E. L., Burgess-Norton Mfg. Co., Geneva, Ill.; ANTHONY, E. F., Corry-Jamestown Mfg. Co., Corry, Pa.; ARMSTRONG, J. B., The National Supply Co., Pittsburgh; ARNOLD, W. P., The Rourke-Eno Paper Co., Inc., Hartford.

BIRDSALL, C. H., JR., Chemical Corn Exchange Bank, New York; BLANCHARD, A. R., Hood Rubber Co., Watertown, Mass.; BONENFANT, R. F., Rice Barton Corp., Worcester, Mass.; BONWELL, R. E., American Bridge Div., U.S. Steel Corp., Pittsburgh; BRENNAN, J. A., First National City Bank of New York, New York; BROWN, F. L., Bauer & Black Div., The Kendall Co., Chicago; BURNS, R. E., Chas. M. Cox Co., Boston.

CALDWELL, J. C., JR., Armco Steel Corp., Middletown, Ohio; CAMPBELL, K. E., Bank of

(Concluded on following page)

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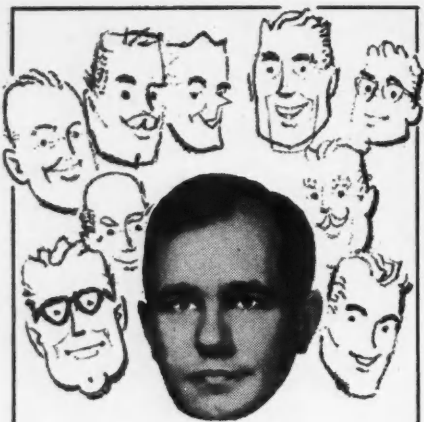
1956

Stanford July 8 - 21

Dartmouth Aug. 5 - 18

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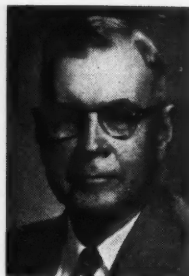
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229 Fourth Avenue, New York 3, N. Y.



E. W. JOHNSON



R. W. KUPFER

Johnson Retires at Portland Post; Kupfer Succeeds Him

Edward W. Johnson has retired as executive vice president and manager of the Portland (Ore.) Association of Credit Men, Inc., after 28 years of outstanding service to that organization and to the business progress of Portland. Robert W. Kupfer succeeds him. Mr. Johnson will continue activity with the association as executive consultant until the end of the current fiscal year.

Mr. Johnson has evidenced an unusual capacity for association financing and has been instrumental in attaining for the Portland association, a place in the first rank among the local credit associations.

Following graduation from the University of Minnesota in 1908, Mr. Johnson operated a general store at Rockford, Minn. He migrated to Portland in 1916, joined Miller, Calhoun & Johnson Company, a wholesale establishment there, and became its manager. Mr. Johnson's interests include the board of the Chamber of Commerce, the Trade & Commerce Committee, Rotary, and the National Office Managers Association.

Mr. Kupfer brings to the association the wide management experience gained in 14 years with Sealy Mattress Company, the last nine as secretary-treasurer. He is a past president of the Portland association and has served eight years as a director. A native of California, he was educated in Oregon and at one time worked in the Portland Journal bookkeeping department.

Cleveland News Features Miss Sirc's Appointment

Appointment of Miss Kathryn Sirc, treasurer of Edgar A. Brown, Inc., Cleveland, as vice chairman of the national credit women's executive committee, National Association of Credit Men, was publicized in a profile piece in the Cleveland News. Miss Sirc began her career as a clerk-stenographer with the Brown organization. She is a past president of the Cleveland Credit Women's Club (two terms).

GRADUATES BEGAN ON PAGE 35

America N.T. & S.A., San Francisco; CASE, K. E., The Hanover Bank, New York; CHICKEDANTZ, G. A., The Ohio Oil Co., Findlay, Ohio; CONDRY, J. M., Bank of America N.T. & S.A., Bakersfield, Calif.; CONNER, P. S., Combustion Engineering, Inc., Chattanooga; CUSTER, R. T., Graybar Electric Co., Inc., Boston.

DALFERES, D. D., JR., Gulf Refining Co., New Orleans; DAVIDSON, J. A., Dravo Corp., Pittsburgh; DILLON, J. A., Bank of America N.T. & S.A., San Francisco; EATON, F. S., Norton Co., Worcester.

FINK, A. J., Stromberg-Carlson Co., Rochester, N.Y.; FLORI, M. A., American Steel & Wire Div., U. S. Steel Corp., New York; FLUGA, J. A., V-M Corp., Benton Harbor, Mich.; FOX, R. M., Easton-Taylor Trust Co., St. Louis; FRANKLE, Helen R., Island Equipment Corp., Long Island City; FURMAN, S. L., The National Supply Co., Pittsburgh.

GAUGER, H. L., American Steel & Wire Div., U. S. Steel Corp., Cleveland; GRANDMONT, Lucien, Ideal Electric Inc., Montreal; HEINE, E. J., The First National Bank of Boston, New York; HITCHCOCK, W. R., The United Clay Products Co., Washington, D.C.; HOLLAND, M. B., Budget Charge Accounts, Inc., Yonkers; HUESTON, H. R., Rockwell Mfg. Co., Pittsburgh; JEMISON, W. L., The Beacon Milling Co., Inc., Cayuga, N.Y.

KEDDY, J. P., Admiral Distributors, Inc., Boston; KING, D. R., Industrial Rayon Corp., Cleveland; KNOBLICH, M. M., Dodge Mfg. Corp., Mishawaka, Ind.; KUENHOLD, R. C., The Taylor-Winfield Corp., Warren, Ohio.

LEACH, A. A., The Credit Association of Western Pennsylvania, Pittsburgh; LIGHTCAP, Evelyn, Strauss-Rose Carpet Corp., Chicago; LORIGAN, J. D., Textile Banking Co., New York; MARKHAM, G. E., Hamilton Mfg. Co., Two Rivers, Wis.; MASON, G. D., Dunham Bros. Co., Brattleboro, Vt.; MASTERS, R. L., Inland Steel Products Co., Milwaukee; MEARS, P. K., Dun & Bradstreet, Inc., New York; MESSERLY, W. A., Weirton Steel Co., Weirton, W. Va.; MURDOCK, L. C., First National City Bank of New York, New York.

RAY, E. A., Titan Metal Mfg. Co., Bellefonte, Pa.; RUBENSTEIN, M. E., Max Mandel Laces, Inc., New York; SCHALLES, J. W., U. S. Steel Corp., Pittsburgh; SINICKSON, Lloyd, American Cyanamid Co., New York; SMITH, L. B., Jr., The O. A. Sutton Corp., Wichita; SONRIER, J. N., Universal Atlas Cement Co., Pittsburgh; SWEENEY, J. T., JR., Automatic Electric Co., Chicago; UNDERWOOD, J. O., Gulf Oil Corp., Atlanta; UTLEY, F. B., JR., The Hanover Bank, New York; WENSTRUP, J. J., Goodrich Gulf Chemicals, Inc., Cleveland.

DEATHS

H. R. Merrick

Word has been received of the passing of H. R. Merrick, credit manager, Hawkeye Marquette Cement Company, Des Moines. Death was due to a heart attack.

C. A. Harris

Carleton A. Harris, assistant secretary of the casualty claim division of The Travelers Insurance Companies, died at his home in West Hartford, Conn. He was 59. He began with the company in 1921 as an investigator in the Albany office.

George Hildebrand

George Hildebrand, regional credit manager of Ohio Oil Company, Findlay, died after a long illness. He had served the company many years. Mr. Hildebrand had been a member of the class of 1956, Graduate School of Credit and Financial Management, Dartmouth.




First aid needed?

Here it is!

Conflicting reports on that customer?

Get the facts!

FORM 7L

 **NATIONAL ASSOCIATION of CREDIT MEN**
Guarding the Nation's Credit
Credit Interchange Report

COMPANY _____ OFFICES IN PRINCIPAL CITIES _____
STATE _____ COUNTY _____

The accuracy of this Report is not guaranteed. Its contents are gathered in good faith from members and sent to you by this Bureau without liability for negligence in gathering, collecting or communicating the information to be gathered.

DATE: AUG. 29, 1955

BUSINESS CLASSIFICATION	HOW LONG SOLD	DATE OF LAST SALE	HIGHEST RECENT CREDIT	NOW OWING	PART DUE	ISSUES OF SALE	PAYING RECORD		COMMENTS
							DAYS	DAYS SLOW	
EL PASO 810-136 Rdve									
I & S	Yrs	7-55	1690						
Ind S	7-50	8-55	800	510		2-10-30	X		
Auto A	28yrs	8-55	10263			N 30			
FYAL	Yrs	7-55	489	875		2-10 pr	X	X	
Elec	Yrs	6-55	420			10th			
Edg M	Yrs	8-55	365			30 N		X	
Adv	1948	5-55	1200	92		N 30		X	
Off S	Yrs	5-55	162			1-10-30		X	
Gen M	Yrs	8-55	629			N30	X		
	Yrs	7-55	823	29		N 10 pr		X	
WICHITA 812-211 Rdve				118		N 30		X	
	Yrs	8-55	2164						
ZACONA 810-36 Fura				2164		2-10-30	X		
	Yrs	8-55	1022	889		30			
ROCKY MOUNTAIN 812-316 Ind S							X		
Fuel	Yrs	4-55	614						
	Yrs	8-55	16000			2-10-30	X		
NEW MEXICO 812-307 F&N						1-10	X		
	7-44	7-55	1495						
SAN DIEGO 811-249 Ind S						2-10 pr	X		
	3-34	8-55	2360						
ARIZONA 812-154 I&S				535		2-10-30	X		
Lbr	Yrs	2-55	189						
Metal	1947	8-55	102						
Drug	3-54	8-55	70	17		N 10th	X	X	
	Yrs	7-55	115			2-10		X	
Continued						1-10-30		X	
						Semi-Mo		X	

A Credit Interchange Report tells you where and what he buys—how long his suppliers have sold him—highest credit and terms extended him—what he owes—how much is past due—HOW HE PAYS. With these comprehensive, carefully tabulated facts—from many suppliers, in all lines of business—your credit decision will be sound... The Bureau serving your area will be glad to give you the interesting details without obligation.

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CALENDAR OF EVENTS IMPORTANT TO CREDIT

SAN FRANCISCO, CALIFORNIA

October 5-6-7

Pacific Southwest Annual Credit Conference



PALM SPRINGS, CALIFORNIA

October 10-11-12

Western Division Annual Secretary-Managers Conference



ELMIRA, NEW YORK

October 13-14-15

Annual Tri-State Conference comprising New York, New Jersey, Eastern Pennsylvania, District of Columbia, Delaware, Maryland and Virginia



MADISON, WISCONSIN

October 18

Wisconsin Annual State Credit Conference



CHICAGO, ILLINOIS

October 19

Illinois Fall Regional Conference



WICHITA, KANSAS

October 19-20-21

Quad-State Annual Credit Conference, including Kansas, Missouri, Southern Illinois and Oklahoma.



FORT WORTH, TEXAS

October 20-21-22

Annual Southwest Credit Conference, covering Texas, Louisiana, Arkansas, Oklahoma, New Mexico and Arizona

HARTFORD, CONNECTICUT

October 26-27

Annual New England District Credit Conference, covering Connecticut, Rhode Island, Massachusetts, Maine, New Hampshire, Vermont.



JACKSONVILLE, FLORIDA

October 26-27-28

Annual Southeastern Credit Conference, covering Tennessee, Mississippi, Alabama, Georgia, Florida, South Carolina, North Carolina, Louisiana.



PITTSBURGH, PENNSYLVANIA

October 27-28

Ohio Valley Regional Conference, covering Ohio, Western Pennsylvania, West Virginia, and Eastern Michigan



PITTSBURGH, PENNSYLVANIA

October 28-29-30

Midwest Credit Women's Conference



DALLAS, TEXAS

November 13-16

Robert Morris Associates' Fall Conference



CLEVELAND, OHIO

November 14-15-16

Annual American Petroleum Credit Association Conference.



DELAWARE, WISCONSIN

January 11-13, 1956

Credit Management Workshop



CINCINNATI, OHIO

May 10-11, 1956

Annual Conference of N.A.C.M. Secretary-Managers.



CINCINNATI, OHIO

May 13-17, 1956

60th Annual Credit Conference and Convention, National Association of Credit Men.



STANFORD, CALIFORNIA

July 8-21, 1956

Stanford University Session of the N.A.C.M. Graduate School of Credit and Financial Management.

HANOVER, NEW HAMPSHIRE

August 5-18

Dartmouth College Session of the N.A.C.M. Graduate School of Credit and Financial Management.

200 Petroleum Credit Leaders Will Discuss 1956 Problems

Two hundred financial executives of this country and Canada will gather in Cleveland November 14-16 to seek answers to the question, "What Can Petroleum Credit Management Expect in 1956?" This is the theme of the 31st annual conference of the American Petroleum Credit Association.

Among the speakers will be figures of national note in sales and finance, and panel discussion will follow each major address.

Customer relations and sales promotion will be the subject of Art Shelbin, business consultant and member of the staff of City College, Chicago.

Fred Keil, senior economist, Federal Reserve Bank, Cleveland, will analyze the economic outlook for next year.

Solution of problems of budget selling, stepped up by increased sales of tires, batteries and accessories in retail service stations, is the topic of Paul Hawk, TBA sales manager, Standard Oil Company of Indiana. The reseller's point of view is to be presented by John Stefanko, this year's National Brand Names award winner.

The program for the women attending includes a Sunday hospitality hour, breakfast and luncheon gatherings, sightseeing and a Monday night banquet.

Youngstown Press Notes Growth Of Firm under Lloyd Perkins

He brought his company's plant to the Youngstown area and with it a payroll of \$500,000 annually and employment for 175 persons. Lloyd T. Perkins, president of the Harvell Manufacturing Company of Hubbard, formerly its secretary-treasurer, and member of the Youngstown Association of Credit Men, has been singled out by the Youngstown (Ohio) *Vindicator* for a profile sketch in connection with his company's contribution to Greater Youngstown prosperity. The company began in 1938 at South Bend, Ind., with eight employees and one marketable product. Today it turns out a variety of products including wastebaskets, TV tables, serving trays, and paper towel dispensers.

THE PERSONNEL MART

Junior Credit Man

NATIONALLY KNOWN MANUFACTURER is seeking a young man about 25 years old, with college degree preferred, for training and development in credit and finance functions. Mercantile credit experience desirable but not essential. Outstanding and unique long-term potentials. Company located in very desirable eastern community. Please submit complete resumé in confidence. Box CFM 421.

MANAGEMENT IN THE NEWS

Wall Street Gave Start To Shreveport Credit Executive

In the critical year 1933 Thomas B. Baldwin, now president of the Shreveport Wholesale Credit Men's Association, began his career with a Wall Street brokerage firm where he worked as a runner, later becoming a bond trader and statistician. In 1940 he went with E. I. duPont de Nemours & Company to work in the war program and until 1943 he was at the Chickasaw Ordnance Works, Memphis, as cost accountant in charge of raw material procurement. He was transferred to the atomic bomb production division at Hanford, Wash., then to the Gopher Ordnance Works at St. Paul, with duties expanded to include purchasing.

Mr. Baldwin joined Binswanger & Company of Tennessee in 1946 as assistant chief accountant and three years later was assigned to the Shreveport unit as office manager.



T. B. BALDWIN



L. W. MAYES

to a position with Underwood Typewriter Company. In the depression years he was an engineering draftsman. He became a certified public accountant, in 1945 went with M. H. Rhodes, Inc., as treasurer and controller, and in 1947 he joined Electrical Supplies, Inc.

Education-Plus-Experience His Formula for Management

Himself a product of modern educational techniques, the 27-year-old newly elected president of the New York-Pennsylvania Credit Association, Robert L. Morris, credit manager of Thatcher Glass Manufacturing Company, Inc., Elmira, N.Y., humbly notes that "theory alone is not enough," that "experience and education combined form the well-versed individual, best equipped to handle business profitably in the buyers' market." (We quote from his participation in the symposium "Experience and Youth—Competitive Era Team," CFM July 1954). Mr. Morris joined Thatcher Glass in 1952 as assistant credit manager and 16 months later advanced to department head. Previously he was three years on the sales staff of Elmira Tobacco Company.

Mr. Morris is a graduate of Syracuse University and a member of the N.A.C.M. Graduate School of Credit & Financial Management, Dartmouth.

Credit Association Progress A Hobby as Well as Service

Since he makes credit association activity a firstline hobby, L. W. Mayes' election for the second time to the presidency of the Waco Wholesale Credit Men's Association is easy to understand. Mr. Mayes, vice president of customer relations for The Behrens Drug Company, began with the organization 30 years ago. Since 1946 he has been a director and vice president of the company,

which has offices in Waco, Lubbock and Tyler, Texas.

Mr. Mayes was born in Hillsboro, Texas, and attended Meridian College, John Tarleton College, and Baylor University.

Seattle Official Began Bank Career While Attending School

The Hoosier state's loss is the Evergreen state's gain. M. C. Geddes, vice president of Peoples National Bank of Washington, Seattle, was born in Indiana, studied at Willamette University, Salem, Ore., from which he was graduated in 1927, and entered upon a banking career in Roseburg, Ore., while still at school. He went with Peoples National Bank of Washington in 1927. Mr. Geddes now has been elected president of the Seattle Association of Credit Men.

Mr. Geddes is the bank's representative with the Robert Morris Associates, treasurer of the King County chapter of the Foundation for Infantile Paralysis, and treasurer for the King County March of Dimes. He is a past officer of the Cascadian Club.



M. C. GEDDES



T. J. FARRELL

Youthful Struggle Shaped Career of Electric Leader

In the early endeavors of Thomas J. Farrell, working his way through high school as grocery clerk and newspaper delivery boy, followed by night study and correspondence courses, are precepts worthy of emulation by the youth of today. His advancement began a half century ago, from office clerk in a mail order printing company to accounting clerk with the Indianapolis Street Railway Company, to office and credit manager of an electrical contracting company. President and treasurer of Farrell-Argast Electric Company, Indianapolis, for 23 years, Mr. Farrell recently was elected president of the Indianapolis Association of Credit Men.



D. H. FOSTER



R. L. MORRIS

Stern Maine Upbringing Good Training for Life

If a boy must combine the exalted office of president of the student body with the lowly one of school janitor as happens in rural Maine, and if the year one is graduated from high school the stock market takes a historic dive and a depression begins, then one learns lessons that are useful throughout life, as did Dana H. Foster. Today Mr. Foster is treasurer and a director of Electrical Supplies, Inc., Hartford, and its wholly owned subsidiary, Sprague Electrical Supplies, Inc., Bridgeport. He was instrumental in organizing the Electrical Distributors Credit Group in Connecticut and served as chairman during the Group's first two years. Recently he was elected president of the Hartford Association of Credit Men.

Mr. Foster's accountancy home study with LaSalle University led

Swingle on Advisory Committee Of U.S. Export-Import Bank

William S. Swingle, president of the National Foreign Trade Council, Inc., and former manager of the Foreign Credit Interchange Bureau, National Association of Credit Men, is one of nine men named by the Export - Import Bank, Washington, to constitute an advisory committee representative of production, commerce, finance, agriculture and labor, in line with legislation passed last year.

Committee chairman is Roy C. Ingersoll, president, Borg-Warner Corporation, Chicago. In 1953-54 he headed the citizens advisory committee to the Senate committee on banking and currency.

Other members are Edward M. Andel, New York; Charles S. Dewey, Washington; Rudolph S. Hecht, New Orleans; Allan B. Kline, Vinton, Iowa; David J. McDonald, Pittsburgh; W. L. Pierson, New York; and Russell G. Smith, San Francisco.



W. S. SWINGLE

Mr. McDonald is president of the United Steel Workers of America. Mr. Pierson, chairman of Trans World Airlines, Inc., was the first general counsel of the Export-Import Bank. Mr. Smith, executive vice president, Bank of America N.T.&S.A., has charge of the bank's international activities. Mr. Kline, former president of the American Farm Bureau Federation, was for a long period a director of the Federal Reserve Bank of Chicago. Mr. Kline addressed the 59th Annual Credit Congress, N.A.C.M., in Chicago in May.

Mrs. Bressem Is Featured In Portland's Oregonian

The service of Mrs. Pauline Bressem to company and credit profession received due recognition in a five-column display article in *The Oregonian*, at Portland.

Mrs. Bressem, credit manager and corporation secretary of the Mail-Well Envelope Company, has been active nationally and in the Portland Association of Credit Men. In 1949-50 she was vice chairman of the N.A.C.M. credit women's executive committee, in charge of education.

Francis W. Smith Now Heads Associated Retail Bureaus

Francis W. Smith of Salem, Ore., has been elected president of the Associated Credit Bureaus of America, Inc., which has headquarters in St. Louis, Mo. A leader in the retail credit bureau field, operator of 23 affiliated credit bureaus in the Oregon - Idaho area and closely associated with wholesale credit association operations in the same area, Mr. Smith began in 1933 with acquisition of the Credit Bureau of Tillamook. He is a member of the Oregon state bar and worked for three years in the Tillamook district attorney's office before entering a credit career as collector and credit reporter.



F. W. SMITH

North Central Petroleum Unit Formed; V. H. Gibson Heads It

Credit representatives of 17 petroleum companies met at Omaha to organize the North Central Petroleum Credit Association to service Colorado, Iowa, Kansas, Minnesota, Missouri, Montana, Nebraska, North Dakota, South Dakota, Wyoming, and also Canada. Officers elected are: V. H. Gibson, Skelly Oil Co., Kansas City, Mo., president; J. Geddes, Pure Oil Co., Minneapolis, executive vice president; regional vice presidents, A. C. Thornton, Socony Mobil Oil Company, Denver; F. L. Browne, Deep Rock Oil Co., Omaha; E. S. Holsten, Socony Mobil Oil Co., Omaha; and secretary-treasurer A. M. Hammond, Continental Oil Co., Kansas City, Mo.

Named directors are Eugene Lamm, Standard Oil Co. (Indiana), St. Louis; Ray Benson, Continental Oil Co., Lincoln; H. L. Lynch, Phillips Petroleum Co., Kansas City, Mo.; George V. Erickson, Socony Mobil Oil Co., Kansas City; Howard Gardner, Phillips Petroleum Co., Omaha.

"Creditorial" Is New Bulletin

The official bulletin of the Minneapolis Association of Credit Men has been named "Creditorial" after an appeal to members to suggest a name. Elsie Stevens, vice president of Northwest Radio & Electronic Supply Company, offered the winning name.

ARE YOUR CREDIT FILES UP-TO-DATE?

- KEEPING Credit Files Up-to-Date during rapidly changing conditions is one of the difficult tasks facing Credit Executives today.
- Financial Statements provide the frame-work around which to build credit files. But such Financial Statements must be up-to-date and reflect the condition of your customers at frequent intervals.
- *This is where the standard forms published by the National Association of Credit Men will do yeoman's service for you. When you send your customer one of the standard N. A. C. M. Financial Statement Forms, you back your request with the prestige of your great nationwide organization.*

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PLAN YOUR INSURANCE

(Concluded from page 11)

may be practicable for the corporation to purchase large amounts of catastrophe excess coverage to avoid dispersal of insurance reserves by a single disaster. It might also be possible to attain the position of at least a partial self-insurer by having a wholly owned subsidiary insurance company, but a great amount of research would be required before a corporation could arrive at such a decision.

There are occasions when agents and brokers offer services for a fee where no insurance is involved, or where the agent or broker does not have income from the insurance. On very large accounts, it is possible to obtain safety inspection service. In the marine business it is customary to secure the services of an average adjuster to handle the settlement of a loss for a fixed fee. Complete insurance surveys are made on occasion for a fee, where there is no possibility of competitive bidding for the business.

Growth of Welfare Coverage

One of the outstanding developments in recent years has been the growth of the welfare forms of coverage, particularly in the accident and health field. The normal types of accident and health insurance have shown a large increase in premium and volume, but they are minor when compared to the great variety of forms of group insurance, such as hospital and medical protection and travel accident insurance. In the same field, we have insurance against the excessive expenses caused for the treatment of polio and other dread diseases. Accident and health insurance has extended into the fields of instalment lending to meet payments on automobiles, home appliances, residence mortgages, etc., during disability.

Greater Productive Efficiency Not "Hypo," Key to Growth

Increased productive efficiency of industry and better products at lower costs and prices, not "needling of the economy by hypodermics of purchasing power," are the keys to genuine growth and prosperity, reports the National Association of Manufacturers in its new study, "So People May Prosper."

"The mere existence of purchasing 'power' does not insure that goods will be purchased," notes the N.A.M. in its 36-page brochure, attacking the fallacies of projects which artificially create purchasing power.

Check-up, Clean-up Not Burn-up, Underwriters' Board Urges, to Protect Office, Plant and Home

The following admonitions for year-round protection against fire hazards in office, plant and home are issued by the National Board of Fire Underwriters in connection with Fire Prevention Week, October 9-15:

Clear out debris: Get rid of rubbish or anything combustible that you're not going to use in attics, closets, cellars, garages. Rubbish, such as old papers and rags, is a fire hazard. It not only starts fires itself, but furnishes fuel for fires starting from other causes. Clean these hazards out of your house, store or factory.

Watch outside fires: Clean up your yard. Keep grass cut low around buildings. Never burn papers on a windy day when there's danger of sparks setting fire to any house, shrubbery, clothing or outbuildings. Use an incinerator wherever possible.

Clear out paint and oil rags: Destroy rags or keep in closed metal container; hang up mops and paint-soiled clothing so air can circulate around them. Paint or oil-soaked rags heat up from chemical action, burst into flames. Clean up after painting jobs.

Check your fuses: Use 15 ampere fuses in regular household circuits, and don't make emergency repairs to fuses; keep wiring in good repair; have all work done by an expert electrician. Fuses protect your appliances, your house and your family from damage and possible fire when wires are overloaded or a short circuit occurs.

Avoid flammable liquids: Remove them from your house. Hundreds of persons are killed annually trying to clean with gasoline, benzine or naphtha. A tiny flame or spark—even from static electricity—will ignite gasoline vapor. Play safe! Do not use highly flammable or explosive fluids for dry cleaning!

Check stoves and heaters: Clean and check all heaters and have repair work done. Radiated heat from hot stovepipes, furnaces, and stoves will char beams or partitions too near them, causing a fire that will damage or destroy the house.

Portable heaters: Place portable, openflame heaters so they can't be knocked over or tipped. Avoid using rubber hose as fuel conductors for gas heaters; rigid metal pipes are safer. Always store kerosene outdoors, fill lamps and heaters outdoors. Don't carry or fill heaters while they are lighted. Keep a door or window open slightly while heater is burning.

Check pipes and chimneys: Clean soot out of chimneys and smokepipes. Check for cracks and holes; have chimneys repaired—where mortar or bricks are loose—and replace pipes if necessary. Dirty and defective chimneys are a leading cause of fires.

Check ash receptacles: Always put hot ashes into covered metal containers. Hot ashes in wood boxes set fire to many houses. In the cellar this is particularly hazardous, because flames quickly spread up through hollow walls of building.

Fireplace care: Use a wire-mesh screen in front of fireplace. Be sure the fire is out before you retire or leave the house. Sparks from unguarded fireplaces can start serious fires.

General repairs: Plan needed painting and renovating next spring. Remodel and modernize your home for greater safety. Replace faulty stair treads. Install a heavy flush-type door at head of cellar stairs, fitted tightly and kept closed. This will hold basement fires in check.

Smokers: Don't smoke in bed. Smoking in bed can be fatal. Fumes from burning cloth may overcome or asphyxiate you before fire reaches you. Place plenty of ash trays about your home for smokers. Keep matches in safe containers and away from young children.

UP THE EXECUTIVE LADDER



G. J. SCHATZ



J. C. LOCASTRO

In promotions attendant upon expansion at Commercial Factors Corporation, New York, George J. Schatz, vice president and director, has become senior contact officer in the company's largest client division, the basic textile field. Joseph C. Locastro, formerly assistant vice president, succeeds Mr. Schatz as vice president in charge of the wholesale credit department.

Mr. Schatz has twice been president of the New York Credit & Financial Management Association and was for two years president of the Downtown Textile Credit Group.

Also promoted are Carl T. Erickson, formerly assistant vice president in charge of woolen and worsted mills in the wholesale credit department, who has been named contact officer in that field, and Harold J. Gerber, advanced from assistant secretary to assistant vice president in the wholesale credit department.

BERL BOYD is the new vice president-treasurer of Belknap Hardware and Manufacturing Company, Louisville, and Mark B. Davis is vice president-general credit manager, following the retirement of Dara E. Cross, Sr., as vice president, treasurer and general credit manager (CFM August '55, p. 38).

Mr. Boyd, who had joined the Belknap company in 1924, was made a director in 1941 and a vice president in 1954 (CFM Dec. '54, p. 39).

Mr. Davis had become associated with Belknap in 1923 and was as-



BERL BOYD



M. B. DAVIS

signed a sales territory in Mississippi in 1925. He returned to the home office in 1939 as sales director for Tennessee, Alabama and Mississippi. Three years later he was elected a director, and in 1953 a vice president.

RICHARD D. BOLSTER has advanced to assistant to the president, Atlas Plywood Corporation, Boston, from assistant treasurer. He joined Atlas on graduation from Harvard Business School in 1930 and has been variously engaged in administrative, sales, research and design capacities. Since his election as assistant treasurer in 1944 he has been in charge of general production coordination.

ALFRED D. POLSEY, named assistant trust officer, National Shawmut Bank, Boston, previously served as assistant cashier. Mr. Polsey is a past president of the Boston Credit Men's Association.



R. D. WITHINGTON



JOHN McDOWELL

In promotions at The Philadelphia National Bank, Philadelphia, RALPH D. WITHINGTON and JOHN McDOWELL have been elected to the newly created offices of senior vice president. Mr. Withington began with the bank as an office boy 44 years ago. He became assistant cashier in 1929 and a vice president in 1939. He is a past president of The Credit Men's Association of Eastern Pennsylvania and served as a N.A.C.M. director 1941-44. He is a past president of the Philadelphia chapter, Robert Morris Associates, and a member of its executive committee. He has served as secretary of his bank's executive committee since 1947.

A vice president of the bank since 1941, Mr. McDowell previously was associated with the Federal Reserve Bank, the Reconstruction Finance Corporation, and the Banking Department of Pennsylvania.



J. D. WILLSON



A. S. FASULLO

ANTHONY S. FASULLO, appointed general credit manager of Allied Chemical & Dye Corporation, New York, will have supervision of the credit sections of all divisions of the corporation, including subsidiaries. Mr. Fasullo, a 36-year veteran of the company, was credit manager of the General Chemical Division prior to his advancement.

JAMES D. WILLSON has become treasurer and controller, The O. A. Sutton Corporation, Wichita, Kans. Prior associations were with Affiliated Gas Equipment, Cleveland, as treasurer; Brown Company, Berlin, N.H., as assistant treasurer; and the Plaskon division of Libbey-Owens-Ford Glass Company, Toledo, as controller. Mr. Willson co-authored the books "Controllershship—the Work of the Accounting Executive" and "Business Budgeting and Control."

JOSEPH H. SUTHERLAND has been named vice chairman, J. P. Stevens & Company, Inc., New York. With the Stevens organization since 1929, he continues as a director and member of the executive committee, and has been appointed to the new post of director of sales.

G. E. ALLEE has joined Chittenden & Eastman Company, Burlington, Iowa, as credit manager. He previously was with Cudahy Packing Company since 1942, serving as credit manager in their Sioux City office before transferring to Atlanta as district credit manager of the southeastern district. While at Sioux City he was president of the Interstate Division, N.A.C.M.

C. W. PRITCHARD, Rochester, N.Y., named secretary-treasurer, Stromberg-Carlson Broadcasting Corporation, continues as treasurer of Stromberg-Carlson (Division of General Dynamics Corporation) and treasurer and director of Stromberg-Carlson Credit Corporation.